

MONDAY SPORTS

NFL RESULTS
See Page 19

Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

No. 32,901 49/88

**R.

PARIS, MONDAY, DECEMBER 5, 1988

ESTABLISHED 1887

Gorbachev's Visit: Farewell and Hello

By Don Oberdorfer
and Lou Cannon
Washington Post Service

WASHINGTON — The talks scheduled to take place over lunch Wednesday on Governors Island in New York harbor will mark the end of the Reagan era in U.S.-Soviet relations and a passing of the torch to President-elect George Bush, according to U.S. officials.

U.S. officials believe that President Mikhail S. Gorbachev, who initiated the meeting, wants to participate in this symbolic transfer of responsibility from President Ronald Reagan to Mr. Bush and to obtain an early start to official contacts with the Bush administration.

The Soviet ambassador, Yuri V. Dubinin, said as much to Secretary of State George P. Shultz, suggesting the meeting three weeks

ago. Mr. Gorbachev had decided to visit the United Nations in New York. Mr. Dubinin told the surprised Mr. Shultz in a hastily arranged Sunday evening meeting Nov. 13 in the deserted State Department, and believed it was "a good time to say goodbye to the vice president and hello to the vice president."

A Soviet Communist Party official said Sunday that Mr. Gorbachev's visit would represent "a Christmas gift to the American people and to mankind."

Building up expectations for Mr. Gorbachev's arrival, Nikolai Shultz, a Communist Party Central Committee member, said on NBC-TV that the Soviet leader would "have in his pocket very interesting initiatives and very interesting ideas" when he goes before the

United Nations General Assembly on Wednesday morning.

Mr. Shultz voiced optimism about that session as well, predicting, "The Soviet-American dialogue will go forward and, by mutual efforts, I think we can kill the Cold War."

The Soviet Foreign Ministry spokesman, Gennadi L. Gerasimov, added to the drumbeat in a companion appearance on ABC.

"President Gorbachev," Mr. Gerasimov said, "is not going to travel from Battery Park to Governors Island just for small talk."

Mr. Gerasimov said that he was looking for a "normalization" of relations and a better understanding between the two superpowers.

Mr. Shultz, in a separate television interview, did not comment on what he expected at the meeting. But he said it was clear that Soviet-

American relations represented a "totally different picture" from the tense Cold War days.

Mr. Gerasimov said that the superpower meeting would provide continuity in bilateral relations as the United States prepared to inaugurate Mr. Bush to succeed Mr. Reagan. "Continuity is the name of the game," he said.

Mr. Reagan, in his weekly radio address broadcast Saturday from Camp David, said that he felt nostalgic as he prepared for his fifth and final conference with Mr. Gorbachev and that he would use the luncheon meeting to introduce Mr. Bush as a man who "represents change, yes, but also continuity."

Mr. Bush, who first met the Soviet leader for 85 minutes in March 1985 at the funeral of Mr. Gorbachev's predecessor, Konstantin U. Chernenko, held a 25-minute private conference and breakfast meeting with Mr. Gorbachev during the Washington summit meeting a year ago.

Mr. Bush has cautiously chosen to minimize his role in the session Wednesday by attending as vice president rather than as president-elect.

He is expected to make only general statements about the policies and intentions of the next administration. High-level incoming officials such as the secretary of state-designate, James A. Baker 3d, and the national security adviser-designate, Brent Scowcroft, will not be present.

The constraints are twofold:

China Sees Limit to Soviet Tie

By Nicholas D. Kristof

New York Times Service

BEIJING — With a Chinese-Soviet summit meeting next year all but certain, the Chinese seem to expect not just an end to nearly three decades of quarrels but also the emergence of a broad network of commercial, diplomatic and academic links.

Yet the new relationship, which has already sprouted, is regarded in Beijing as one of limited potential that will not be as fruitful as China's ties to Japan, the United States or Hong Kong. For that reason, American officials say that they are not alarmed by the warming of Chinese-Soviet relations.

Qian Qichen, who on Thursday became the first Chinese foreign minister to make an official visit to

the Soviet Union in 31 years, said in Moscow that both sides favored a meeting between Mikhail S. Gorbachev, the Soviet president, and Deng Xiaoping, the senior Chinese

NEWS ANALYSIS

leader. The conference, expected to take place in Beijing in the first half of 1989, apparently will not formally end the Chinese-Soviet split.

For economic, military and competitive reasons, however, China seems less than overwhelmed by the potential for the new relationship. The almost universal expectation is for relations that are better than they have been for three decades, but not as cozy as they were in the 1950s.

China has economic links with

See CHINA, Page 5

Now, the Super-Spy Satellite

By William J. Broad

New York Times Service

NEW YORK — The secret payload of the space shuttle Atlantis is the first of a new class of spy satellites that uses radar to peer through clouds and darkness, civilian experts on methods of military surveillance say.

They said the spacecraft, apparently deployed in orbit Saturday on the second day of a military mission, held the promise of revolutionizing spying from space.

The main benefit to be derived from the radar satellite, these experts said, is that space images can

now be gathered whenever the satellite is over its target, regardless of weather or time of day.

In contrast, the current generation of spy satellites, which use photography instead of radar, often have to wait days, weeks and sometimes months to photograph a target if weather and lighting are unfavorable.

"It's a big step technologically, and a big step in terms of the potential for all-weather coverage," said Jeffrey T. Richelson, an expert on military reconnaissance satellites who is the author of the book "The U.S. Intelligence Community."

Additional significance was pointed out by William E. Burrows, director of scientific and environmental reporting at New York University and author of "Deep Black," a book about military satellites and space espionage.

He said military officials considered the satellite crucial to policing the treaty recently signed by the United States and the Soviet Union to eliminate intermediate-range nuclear weapons in Europe, most of which are mobile.

"At this time of year," Mr. Burrows said, "clouds cover Eastern Europe and the Soviet Union about 70 percent of the time. The intelligence

experts see the craft as a powerful new way to advance the space monitoring of planes, tanks, ships, troops, mobile missiles and other items of military interest that can move rapidly.

This is the first intelligence satellite we've put up that has primarily a wartime function as opposed to

See SHUTTLE, Page 5

NATO to Ask East Bloc For Huge Cuts in Arms

By Michael R. Gordon

New York Times Service

WASHINGTON — In planning for coming talks on reducing conventional arms in Europe, NATO nations are preparing a plan that would require Soviet-bloc nations to make huge cuts in tanks, other armored vehicles and artillery, according to American and West European officials.

The proposals would cut by two-thirds the Soviet force of more than 37,000 tanks stationed in Eastern Europe and Soviet territory west of the Ural Mountains.

There would be provisions to ensure that only a limited number of the remaining tanks could be kept in the territory of Moscow's East European allies, rather than in the Soviet Union.

American officials say the NATO proposal would reduce the total number of tanks to about 20,000 on each side, though a precise number has not yet been set.

Warsaw Pact nations now have at least 57,300 tanks, according to

See ARMS, Page 5

In the Iran-Contra Arms Affair, Yet Another Controversy

By Bob Woodward and
Walter Pincus*Washington Post Service*

WASHINGTON — Amiram Nir, the former Israeli official who died in a Mexican plane crash Wednesday, said in June that a confidential Israeli-American agreement authorized secret U.S.-Israeli covert operations were authorized by President Ronald Reagan and Shimon Peres, who was then the Israeli prime minister.

One operation conducted under the agreement was the organizing of an armed force of Lebanese Druze in Beirut in May 1986, when the White House was considering the use of force to free American hostages in Lebanon.

References were made to the North-Nir "off the books" operations during the congressional Iran-contra investigation, but Mr. Nir's assertion that they were carried out under an agreement was the first indi-

cation that he and Colonel North claimed top-level governmental authorization for their activities. Mr. North, who was implicated in diverting to Nicaraguan rebels profits from the secret U.S. sales of weapons to Iran, has since retired from the military.

Mr. Nir was interviewed for 13 hours on June 25 and 26 in London. He discussed some of his activities with the understanding that these were preliminary and "private" conversations.

In those interviews, Mr. Nir said repeatedly that half or less of the story of the secret U.S. arms transactions with Iran was publicly known. He refused to elaborate.

Washington Post editors concluded that Mr. Nir's death Wednesday removed the reasons for the agreement to withhold attribution to Mr. Nir.

Mr. Nir was a central figure in many aspects of the affair.

He was cited by Colonel North as the originator, in November 1985, of the idea of generating profits from arms sales to Iran to fund other covert projects.

Mr. Nir represented Israel in negotiations that led to three shipments of U.S. arms to Iran in 1986.

He accompanied the former national security adviser, Robert C. McFarlane, and Colonel North on their secret mission to Tehran in May 1986. Mr. Nir said in the June interview that Mr. McFarlane failed to improve and take advantage of the meetings, that "50 percent" of that trip "is not known."

Mr. Nir and Colonel North planned and carried out at least two secret joint

operations outside normal intelligence channels. These were "only part" of their covert activities, Mr. Nir said, adding, "There is much more."

Mr. Nir arranged for Iranian help in releasing the Reverend Lawrence C. Jenco, an American hostage. On July 29, 1986, within days after Father Jenco was released, Mr. Nir briefed Vice President George Bush and his chief of staff, Craig L. Fuller, in Israel on the need to respond to the release by shipping arms to Iran.

Peres Denies Report

Mr. Peres denied he had concluded an agreement on secret counterterrorism operations, The Associated Press reported from Jerusalem. In Washington, Secretary of State George P. Shultz said that to his knowledge there was no such agreement.

Algeria	8,000 Drs. Islam	115 Radios	1,000 Radios
Austria	225,000 Drs. Italy	162,200 Portugal	145,000
Bahrain	6,000 Drs. Italy	1,000 Libya	9,000 Libya
Bulgaria	500,000 Drs. Jordan	1,000 Libya	1,000 Libya
Cyprus	C. 9,000 Drs. Libya	1,000 Libya	1,000 Libya
Denmark	7,000 Drs. Libya	1,000 Libya	1,000 Libya
Egypt	E. 2,700 Drs. Libya	1,000 Libya	1,000 Libya
Finland	1,000 Drs. Libya	1,000 Libya	1,000 Libya
France	7,500 Drs. Morocco	1,000 Libya	1,000 Libya
Germany	7,000 Drs. Morocco	1,000 Libya	1,000 Libya
Great Britain	20,000 Drs. Norway	1,000 Libya	1,000 Libya
Greece	100 Drs. Norway	1,000 Libya	1,000 Libya

Mutiny Ends in Argentina

Alfonso Says Rebels Are Given No Concession

Compiled by Our Staff From Dispatches

Buenos Aires — The Argentine government claimed victory Sunday night in a four-day showdown with army rebels. The rebels surrendered, and the government did not give in to their demands, spokesmen said.

"This has been a really important success," President Raúl Alfonsín said. "There were no concessions of any kind."

The rebel leader, Colonel Mohamed Ali Señorín, was arrested, and the rebels commanded began to lay down their weapons, the army said. Soldiers immediately began to remove mines and fill in trenches made by the rebels to defend their positions.

Independent news agencies at first reported that the army chief, Lieutenant General José Dante Cardozo, had agreed to step down, which raised the prospect that other arrangements might be pending. But government spokesmen denied those reports.

Senator Antonio Berthongaray, chairman of the Defense Committee, said that the government did not negotiate on an amnesty, changes of human rights trials or "any claim by anyone."

Colonel Señorín and 500 rebels had entrenched themselves in the munitions depot at the Villa Martelli suburb of Buenos Aires on Saturday after beginning Argentina's third military rebellion in two years.

President Raúl Alfonsín, whose elected government took over from a military regime five years ago, ordered the army to bring the rebellion to an end and called on the navy and air force to lead support.

The uprising was the worst threat to Mr. Alfonsín since his civilian government replaced a disgraced military dictatorship in 1983.

Until Sunday, the government had refused to negotiate with the estimated 500 rebels who had seized an infantry school at the Campo de Mayo base, about 35 kilometers (22 miles) northwest outside the capital on Friday, then moved to another military installation.

See GULF, Page 5

The Montreal Message: Overhaul World Trade

By Reginald Dale

International Herald Tribune

MONTREAL — The world trading system, just over 40 years old, is showing signs of stress.

It has not yet reached mid-life crisis, though some fear that it risks doing so if not given proper attention.

But there is general agreement that the free trading system established after World War II, at the height of the U.S. power, now needs a thorough overhaul.

If not, it is unlikely to be able to cope with the major uncertainties and potential protectionist peaks that lie ahead.

Starting Monday in Montreal, the top trade representatives of 105 countries will try to give new impetus to the extraordinarily complex mission of updating the system to meet the needs of the 21st century, a process they began two years ago in Punta del Este, Uruguay.

Adding urgency to the task, in the view of many analysts and officials, is the risk that the industrialized world may be on the verge of dividing into three competing economic blocs, led by the United States, Japan and the European Community, to the at least partial exclusion of other countries.

At the same time, many free traders see the new U.S.-Canadian free-trade pact, due to enter force at the beginning of next year, as a warning sign that the world trading

system could collapse into a series of exclusive bilateral arrangements if acceptable solutions cannot be found unilaterally.

But the strains on the system are by no means all new. Since the 1970s, major importers like the United States and the EC have increasingly bypassed the system's official procedures to establish bilateral

A successful outcome might reassure those who fear a Fortress Europe or a Stockade America.

lateral arrangements, often with Japan on a "voluntary" basis, limiting market access for specific products.

Other, officially recognized preventive actions, such as the imposition of anti-dumping and countervailing duties to raise the price of imports, have proliferated.

International officials say the Montreal talks come at a critical juncture for world trade policy, as the Bush administration prepares to take office in the United States and the European Community pursue

See TRADE, Page 5



The Cambodian Knot: Some Vietnamese Solutions

Before Foreign Minister Qian Qichen of China started his three-day meeting in Moscow, he said that Cambodia was the main obstacle to a Chinese-Soviet summit meeting. China and the Soviet Union announced on Friday that such a meeting would be held in 1989. In Hanoi on Friday, Tran Quang Co, Vietnam's deputy foreign minister and a Cambodia specialist, discussed the interlocking relations between Vietnam, the Soviet Union, China and Cambodia with Michael Richardson of the International Herald Tribune.

Q. Are China and Vietnam moving closer together on terms for a mutually acceptable political solution of the Cambodian conflict?

A. There are two keys. We have the key to withdrawal of Vietnamese forces. China has the key to preventing a Khmer Rouge comeback. So we have to narrow our differences. We would like to have direct talks with China to find a compromise. For example, China recently asked that Vietnam put forward a more detailed timetable for a more rapid pullout. But we would also like China to be more flexible and realistic on cessation of military aid to the Khmer Rouge.

We do not want to create a difficult situation for China. We are not asking only

China to halt assistance. We are proposing that every country, including Vietnam, would have to stop military aid and support for every Cambodian party, including the People's Republic of Kampuchea, the PRK. That is an equal and fair proposal.

Q. Is Vietnam ready to permit an international peacekeeping force to enter Cambodia, perhaps for a specified period, to facilitate the early stages of a cease-fire and

MONDAY Q&A

political settlement? What is the attitude of the Vietnam-supported PRK government in Phnom Penh?

A. This is another issue where differences remain between us and China. We believe it is necessary to have an international commission for control and supervision in Cambodia. An improvement in their relations would improve the chances of peace for the whole region. That is something to be welcomed.

Q. Is there any risk that the Soviet Union, which wants to normalize its relations with China, may do so at the expense of the national security interests of Vietnam in Cambodia?

A. I don't think so. We trust fully our friends in Moscow. Mr. Gorbachev has more than once solemnly declared that improvement in relations between the Soviet Union and China will not be at the expense of third countries.

Q. There is another major point of difference with China over power-sharing be-

tween the PRK and its Cambodian opponents, including the Khmer Rouge, in a political settlement. Is Vietnam prepared to be flexible over the plan endorsed by China for an interim government of national reconciliation and an army drawn from all four contending groups in Cambodia?

A. We have no voice on that question. It is an internal problem for the Cambodian parties to discuss and agree among themselves. We will respect their decision.

Q. Do you think it is helpful that the Soviet Union and China are discussing detailed terms for a Cambodian settlement? Would it not be better for Vietnam and China to have bilateral negotiations?

A. China and the Soviet Union are two big powers in Asia. An improvement in their relations would improve the chances of peace for the whole region. That is something to be welcomed.

Q. Is there any risk that the Soviet Union, which wants to normalize its relations with China, may do so at the expense of the national security interests of Vietnam in Cambodia?

A. I don't think so. We trust fully our friends in Moscow. Mr. Gorbachev has more than once solemnly declared that improvement in relations between the Soviet Union and China will not be at the expense of third countries.

Q. There is another major point of difference with China over power-sharing be-

tween the PRK and its Cambodian opponents, including the Khmer Rouge, in a political settlement. Is Vietnam prepared to be flexible over the plan endorsed by China for an interim government of national reconciliation and an army drawn from all four contending groups in Cambodia?

A. We think that Cambodia under the leadership of the PRK, is on the way to being able to look after its own security. So we are ready to withdraw all our troops from Cambodia, even without a political solution, by the end of 1990. If there is a political solution, we have offered to pull out by the end of 1989 or early in 1990.

Q. Will Vietnam withdraw if there is no guarantee from China and Thailand that aid to the Khmer Rouge and other resistance groups will stop?

A. We would prefer a negotiated solution to the Cambodian problem. But that depends on China and Thailand agreeing to stop their aid, especially to the Khmer Rouge. We think that without continued military support from outside, the PRK forces will be able to deal with the remaining Khmer Rouge.

Q. If the Khmer Rouge reasserted control in Cambodia, would Vietnam stand by and do nothing?

A. I don't think Vietnamese troops, having left Cambodia, will go back again. Once is enough. We are a poor country. The only way to get a durable peace in Cambodia is through a negotiated settlement. Such settlement is important for stability in Southeast Asia.

Bhutto Picks 3 Seasoned Outsiders in First Cabinet

Reuters

ISLAMABAD, Pakistan — Prime Minister Benazir Bhutto appointed her first cabinet on Sunday, bringing in three seasoned outsiders to make up for the lack of experience in the ranks of her Pakistani People's Party.

A group of special advisers to the prime minister with ministerial rank included a former central bank president, V.A. Jaffrey, and a retired diplomat, Iqbal Ahmad. Pakistan's longtime foreign minister, Sabahzada Yaqub Khan, who served under the former president, Mohammed Zia ul-Haq, also agreed to stay on.

Miss Bhutto, 35, named 23 ministers, ministers of state and special advisers, all of them men. They were sworn in by the acting president, Ghulam Ishaq Khan, and held their first cabinet meeting.

The minister of state for information, Javed Jabbar, said Miss Bhutto kept the portfolio of finance, defense, education, planning and petroleum to herself for the time being but would probably add to her cabinet.

■ Drug Ministry Planned

Richard M. Weintraub of The Washington Post reported earlier from Islamabad:

Miss Bhutto says she will set up a new ministry to fight the growth, distribution and use of drugs a step expected to be highly welcomed by the United States.

On Saturday, her first full day as prime minister, Miss Bhutto also moved to fulfill her promise to right injustices under the martial law government of the previous president, Mohammed Zia ul-Haq.

She announced a range of measures to reduce or cancel prison terms for several categories of prisoners. Hundreds of prisoners would be released immediately, she said, and hundreds of others would have their prison terms reduced.

In an impassioned response to a question at her first news conference as prime minister, Miss Bhutto said that narcotics was "the No. 1 national issue."

"It must be controlled," she said. "It is an issue of the youth of Pakistan, the future of Pakistan. I have personally seen families that have been destroyed because their children have been in heroin."

Pakistan's North-West Frontier Province is a major growing area for poppies, from which heroin is produced, and also serves as a conduit for opium produced in Afghanistan. It is one of two primary regions from which heroin reaches the United States and Western Europe.

Washington has pressed Pakistan for years to step up its fight against heroin.

The British government demanded that Mr. Ryan, who was arrested with bomb-making plans and a false passport, is a terrorist.

According to her spokesman, Mrs. Thatcher told Mr. Martens that she was "mystified and deeply wounded" that Belgium had declined to extradite Mr. Ryan to Britain, particularly after her government had cooperated in extraditing British soccer hooligans wanted in Brussels.

Saturday, Mrs. Thatcher similarly dressed down Prime Minister Charles J. Haughey of Ireland for not arresting Mr. Ryan, who is now in a rest home in Ireland.

The nominal summit theme was the community's ties to the rest of the world. By pledging that the single market would not develop into a "fortress Europe," the leaders sought to dampen U.S. fears that

the community was giving added impetus to protectionism.

The declaration came amid an acrimonious dispute with Washington over a ban on the import of hormone-treated American meat.

But the discussions again showed that considerable differences remain — notably between Britain and other members — over what shape the single market should take.

Mrs. Thatcher reiterated her opposition to a full abolition of frontier controls and to plans to harmonize value-added tax levels among the 12 members.

On Friday, she attacked Prime Minister Wilfried Martens for allowing Patrick Ryan, a lapsed Irish priest, to leave Belgium for Ireland.

The British government demanded that Mr. Ryan, who was arrested with bomb-making plans and a false passport, is a terrorist.

According to her spokesman, Mrs. Thatcher told Mr. Martens that she was "mystified and deeply wounded" that Belgium had declined to extradite Mr. Ryan to Britain, particularly after her government had cooperated in extraditing British soccer hooligans wanted in Brussels.

Saturday, Mrs. Thatcher similarly dressed down Prime Minister Charles J. Haughey of Ireland for not arresting Mr. Ryan, who is now in a rest home in Ireland.

The nominal summit theme was the community's ties to the rest of the world. By pledging that the single market would not develop into a "fortress Europe," the leaders sought to dampen U.S. fears that

the community was giving added impetus to protectionism.

The declaration came amid an acrimonious dispute with Washington over a ban on the import of hormone-treated American meat.

But the discussions again showed that considerable differences remain — notably between Britain and other members — over what shape the single market should take.

Mrs. Thatcher reiterated her opposition to a full abolition of frontier controls and to plans to harmonize value-added tax levels among the 12 members.

On Friday, she attacked Prime Minister Wilfried Martens for allowing Patrick Ryan, a lapsed Irish priest, to leave Belgium for Ireland.

The British government demanded that Mr. Ryan, who was arrested with bomb-making plans and a false passport, is a terrorist.

According to her spokesman, Mrs. Thatcher told Mr. Martens that she was "mystified and deeply wounded" that Belgium had declined to extradite Mr. Ryan to Britain, particularly after her government had cooperated in extraditing British soccer hooligans wanted in Brussels.

Saturday, Mrs. Thatcher similarly dressed down Prime Minister Charles J. Haughey of Ireland for not arresting Mr. Ryan, who is now in a rest home in Ireland.

The nominal summit theme was the community's ties to the rest of the world. By pledging that the single market would not develop into a "fortress Europe," the leaders sought to dampen U.S. fears that

the community was giving added impetus to protectionism.

The declaration came amid an acrimonious dispute with Washington over a ban on the import of hormone-treated American meat.

But the discussions again showed that considerable differences remain — notably between Britain and other members — over what shape the single market should take.

Mrs. Thatcher reiterated her opposition to a full abolition of frontier controls and to plans to harmonize value-added tax levels among the 12 members.

On Friday, she attacked Prime Minister Wilfried Martens for allowing Patrick Ryan, a lapsed Irish priest, to leave Belgium for Ireland.

The British government demanded that Mr. Ryan, who was arrested with bomb-making plans and a false passport, is a terrorist.

According to her spokesman, Mrs. Thatcher told Mr. Martens that she was "mystified and deeply wounded" that Belgium had declined to extradite Mr. Ryan to Britain, particularly after her government had cooperated in extraditing British soccer hooligans wanted in Brussels.

Saturday, Mrs. Thatcher similarly dressed down Prime Minister Charles J. Haughey of Ireland for not arresting Mr. Ryan, who is now in a rest home in Ireland.

The nominal summit theme was the community's ties to the rest of the world. By pledging that the single market would not develop into a "fortress Europe," the leaders sought to dampen U.S. fears that

the community was giving added impetus to protectionism.

The declaration came amid an acrimonious dispute with Washington over a ban on the import of hormone-treated American meat.

But the discussions again showed that considerable differences remain — notably between Britain and other members — over what shape the single market should take.

Mrs. Thatcher reiterated her opposition to a full abolition of frontier controls and to plans to harmonize value-added tax levels among the 12 members.

On Friday, she attacked Prime Minister Wilfried Martens for allowing Patrick Ryan, a lapsed Irish priest, to leave Belgium for Ireland.

The British government demanded that Mr. Ryan, who was arrested with bomb-making plans and a false passport, is a terrorist.

According to her spokesman, Mrs. Thatcher told Mr. Martens that she was "mystified and deeply wounded" that Belgium had declined to extradite Mr. Ryan to Britain, particularly after her government had cooperated in extraditing British soccer hooligans wanted in Brussels.

Saturday, Mrs. Thatcher similarly dressed down Prime Minister Charles J. Haughey of Ireland for not arresting Mr. Ryan, who is now in a rest home in Ireland.

The nominal summit theme was the community's ties to the rest of the world. By pledging that the single market would not develop into a "fortress Europe," the leaders sought to dampen U.S. fears that

the community was giving added impetus to protectionism.

The declaration came amid an acrimonious dispute with Washington over a ban on the import of hormone-treated American meat.

But the discussions again showed that considerable differences remain — notably between Britain and other members — over what shape the single market should take.

Mrs. Thatcher reiterated her opposition to a full abolition of frontier controls and to plans to harmonize value-added tax levels among the 12 members.

On Friday, she attacked Prime Minister Wilfried Martens for allowing Patrick Ryan, a lapsed Irish priest, to leave Belgium for Ireland.

The British government demanded that Mr. Ryan, who was arrested with bomb-making plans and a false passport, is a terrorist.

According to her spokesman, Mrs. Thatcher told Mr. Martens that she was "mystified and deeply wounded" that Belgium had declined to extradite Mr. Ryan to Britain, particularly after her government had cooperated in extraditing British soccer hooligans wanted in Brussels.

Saturday, Mrs. Thatcher similarly dressed down Prime Minister Charles J. Haughey of Ireland for not arresting Mr. Ryan, who is now in a rest home in Ireland.

The nominal summit theme was the community's ties to the rest of the world. By pledging that the single market would not develop into a "fortress Europe," the leaders sought to dampen U.S. fears that

the community was giving added impetus to protectionism.

The declaration came amid an acrimonious dispute with Washington over a ban on the import of hormone-treated American meat.

But the discussions again showed that considerable differences remain — notably between Britain and other members — over what shape the single market should take.

Mrs. Thatcher reiterated her opposition to a full abolition of frontier controls and to plans to harmonize value-added tax levels among the 12 members.

On Friday, she attacked Prime Minister Wilfried Martens for allowing Patrick Ryan, a lapsed Irish priest, to leave Belgium for Ireland.

The British government demanded that Mr. Ryan, who was arrested with bomb-making plans and a false passport, is a terrorist.

According to her spokesman, Mrs. Thatcher told Mr. Martens that she was "mystified and deeply wounded" that Belgium had declined to extradite Mr. Ryan to Britain, particularly after her government had cooperated in extraditing British soccer hooligans wanted in Brussels.

Saturday, Mrs. Thatcher similarly dressed down Prime Minister Charles J. Haughey of Ireland for not arresting Mr. Ryan, who is now in a rest home in Ireland.

The nominal summit theme was the community's ties to the rest of the world. By pledging that the single market would not develop into a "fortress Europe," the leaders sought to dampen U.S. fears that

the community was giving added impetus to protectionism.

The declaration came amid an acrimonious dispute with Washington over a ban on the import of hormone-treated American meat.

But the discussions again showed that considerable differences remain — notably between Britain and other members — over what shape the single market should take.

Mrs. Thatcher reiterated her opposition to a full abolition of frontier controls and to plans to harmonize value-added tax levels among the 12 members.

On Friday, she attacked Prime Minister Wilfried Martens for allowing Patrick Ryan, a lapsed Irish priest, to leave Belgium for Ireland.

The British government demanded that Mr. Ryan, who was arrested with bomb-making plans and a false passport, is a terrorist.

According to her spokesman, Mrs. Thatcher told Mr. Martens that she was "mystified and deeply wounded" that Belgium had declined to extradite Mr. Ryan to Britain, particularly after her government had cooperated in extraditing British soccer hooligans wanted in Brussels.

Saturday, Mrs. Thatcher similarly dressed down Prime Minister Charles J. Haughey of Ireland for not arresting Mr. Ryan, who is now in a rest home in Ireland.

The nominal summit theme was the community's ties to the rest of the world. By pledging that the single market would not develop into a "fortress Europe," the leaders sought to dampen U.S. fears that

the community was giving added impetus to protectionism.

The declaration came amid an acrimonious dispute with Washington over a ban on the import of hormone-treated American meat.

But the discussions again showed that considerable differences remain — notably between Britain and other members — over what shape the single market should take.

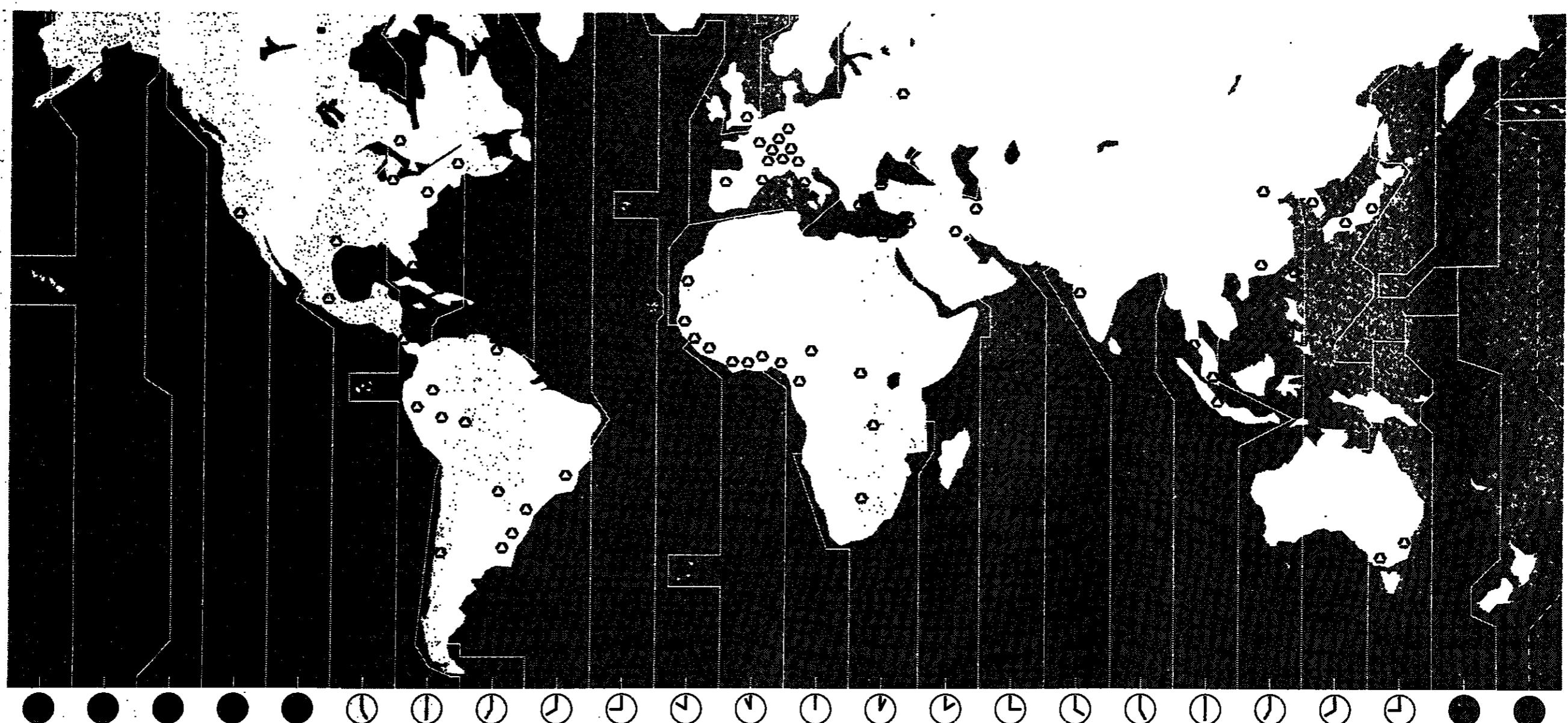
Mrs. Thatcher reiterated her opposition to a full abolition of frontier controls and to plans to harmonize value-added tax levels among the 12 members.

On Friday, she attacked Prime Minister Wilfried Martens for allowing Patrick Ryan, a lapsed Irish priest, to leave Belgium for Ireland.

The British government demanded that Mr. Ryan, who was arrested with bomb-making plans and a false passport, is a terrorist.

According to her spokesman, Mrs. Thatcher told Mr. Martens that she was "mystified and deeply wounded" that Belgium had declined to extradite Mr. Ryan to Britain, particularly after her government had cooperated in extraditing British soccer hooligans

We have got all the time
in the world for you.



Around the world, wherever the sun rises on a new business day, there's a

Take advantage of our worldwide presence and 100 years of banking experience. **ready to serve you – in the Near, Middle, or Far East; in Europe, Africa, or the Americas. That's because Dresdner Bank is at home in over 50 countries, including all the world's major financial centers.**

You'll find Dresdner Bank providing

You'll find Dresdner Bank providing

in-depth market analysis as well as trade and investment financing, purchasing and selling foreign currencies and ensuring a smooth transfer of funds — 24 hours a day.

In fact, about one fifth of West Germany's foreign trade transactions are processed through the Dresdner Bank Group. And during the course of a year, the total of all the domestic and international transactions handled by Dresdner Bank add up to \$120 billion.

Which makes us one of the world's largest and most experienced international banks.

Yet, Dresdner Bank's help extends beyond just saving you time and money. Thanks to our Electronic Banking Services and extensive correspondent banking network, we can help you do business profitably in every corner of the globe.

Your success in each market requires a unique approach and thor-

ough understanding of local customs, thereby helping you formulate and implement clear-cut goals. You can rely on Dresdner Bank's highly regarded and sophisticated financial packages as well as our knowledgeable assistance in the complex, often time-consuming process of establishing new business ventures.

When could we discuss your special requirements in detail?

Dresdner Bank has all the time in
the world for you.

Dresdner Bank



Bush Plan Seeks Out Minorities

'Fresh Faces' for Posts to Be Filled

By Bernard Weinraub
New York Times Service

WASHINGTON — President-elect George Bush, who has pledged to recruit women and members of minority groups for his administration, will soon announce a nationwide effort to enlist Republican governors and campaign officials to seek them out.

Officials on his transition team said that in the next two weeks Mr. Bush would announce plans to use his national political network and state Republican organizations to come up with "fresh faces" for the administration, "with a special emphasis on women, minorities and the disabled."

The officials said Saturday that the effort was designed to help Mr. Bush expand his base of political support. This has not yet reached its full potential, they said.

The drive also is designed to head off the impression that the new administration will be dominated by white males, as the Reagan administration has been, with only token representation of other groups.

The reaction of some feminists and civil rights advocates was a mixture of skepticism and hope that the policies of Mr. Bush in both recruiting and governing would be more acceptable to them than those of President Ronald Reagan.

The overall effort has been placed under the direction of Robert M. Teeter, Mr. Bush's campaign poll taker and adviser, who is co-director of the transition operation, and Chase Untermeyer, Mr. Bush's transition personnel chief.

"We are asking people," Mr. Untermeyer said, "to use their knowledge of their own community to come up with the names of outstanding women, blacks, Hispanics, Asian-Americans and other good prospects whom we wouldn't necessarily know about in Washington, D.C."

Only 12 percent of black voters chose Mr. Bush in the election, according to analyses of polling data. His aides said there was a reservoir of far more black support for Republicans at the local, state and national levels if the new president selected blacks for high-ranking jobs and supported policies that were important to blacks.

Among the blacks mentioned for prominent jobs in the Bush administration were Thaddeus Garrett Jr., a business consultant and former domestic policy adviser to Mr. Bush; Leroy Keith, president of Morehouse College in Atlanta, and



RONNIE KERKOW/AGENCE FRANCE PRESSE

"COMING SOON..." — President-elect George Bush and Kim Basinger shared popcorn in Washington before attending a private viewing of the actress's new film, "My Stepmother Is an Alien."

Alan L. Keyes, a former State Department official.

Others are Arthur Fletcher, an assistant secretary of labor in the Nixon administration; Steven Rhodes, a former special assistant to President Reagan for environmental affairs; and Constance B. Newman, a former official of the Department of Housing and Urban Development, who is now in charge of Mr. Bush's efforts to recruit blacks.

The precise number of women and minority group members in full-time, high-level positions in the Reagan administration is unclear. The U.S. Commission on Civil Rights said in 1983 that 4.1 percent of Mr. Reagan's full-time, high-level appointees had been black, down from 12 percent in the Carter administration.

Cabinet Rankings Defined

David Hoffman and Maralee Schwartz of *The Washington Post* reported:

Mr. Bush has decided to deprive of cabinet rank two senior government posts that he once held, director of central intelligence and chief delegate to the United Nations, Constance B. Newman.

The decision reflected his preference that the two posts be less visible.

ble in internal policy-making debates, officials said. In particular, Mr. Bush has said the Central Intelligence Agency should not attempt to influence policy as was the case with William J. Casey, the late director.

Mr. Bush has not yet named his director of central intelligence or his UN ambassador, but sources have said he is expected to retain William H. Webster at the CIA for a while. Mr. Webster does not have cabinet rank but the chief delegate to the United Nations, Vernon A. Walters, does, a White House aide said.

In other transition activity, Mr. Bush and his defeated Democratic rival, Governor Michael S. Dukakis of Massachusetts, met Friday for the first time since the Nov. 8 election. While the session was cordial, Mr. Dukakis also used the occasion to put forward again some of his favorite campaign themes.

"We had a good, tough campaign," Mr. Dukakis said after his 35-minute meeting with Mr. Bush. "That's behind us."

He said that he had expressed his concern about the deficit, health care, education, homelessness, housing and drugs. He said he told Mr. Bush that he would "be more than willing to work with him" and play a "constructive role."

According to both Arab and American sources, this agreement remained in force, more or less, for the rest of the 1970s and into the first two years of the Reagan administration. Over this period, U.S. and Arab sources agree, the two sides regularly exchanged security information.

The secret U.S.-PLO discussions of the 1970s provide some crucial background to the dispute over Secretary of State George P. Shultz's recent decision to deny Mr. Arafat a visa for another UN visit.

In explaining the decision, the State Department asserted: "The PLO through certain of its elements has employed terrorism against Americans. Mr. Arafat, as chairman of the PLO, knows of, condones and lends support to such acts; he therefore is an accessory to such terrorism."

Mr. Arafat says that he from targeting Americans, he has actively worked to protect them, and that he has renounced terrorism.

Who is right? The evidence is contradictory, and much of it remains secret. But the record suggests several points:

• Despite claims of moderation, the PLO, including some members close to Mr. Arafat, has continued to mount terrorist attacks against Israeli leaders, who are apprehensive about the expense involved in building two new plants instead of just one.

Officials of the Department of Energy said Saturday that the start plan should not be affected by the transfer of authority for weapons production from President Ronald Reagan to President-elect George Bush.

But the long delay in restarting the reactors, and possibly the cost, will be a test of how the Bush administration plans to address the environmental and safety concerns at the nation's nuclear weapons plants.

The plan was approved and made final on Nov. 25 by the Energy Department: E.I. du Pont de Nemours & Co., which built the plant almost four decades ago and has managed it ever since, and Westinghouse Electric Corp., which is to assume management there April 1.

State Department and immigration officials said Friday that at least 175 Soviet Jews had been denied refugee status over the last few months because they could not demonstrate "a well-founded fear

of persecution" in the Soviet Union. In addition, they said, 99 Soviet Armenians have been denied refugee status for the same reason.

The Union of Councils for Soviet Jews, a private group, said that hundreds of Soviet Jews had been denied refugee status in the last few months. Most of them are in Italy, outside Rome, the main transit point for Jews coming to the United States from the Soviet Union.

Until now, the United States

Arabs Try to Keep Visa Affair From Damaging Peace Effort

By Alan Cowell
New York Times Service

CAIRO — Despite their disappointment and anger over Washington's decision to deny Yasser Arafat permission to enter the United States to address the United Nations, policymakers from some Arab nations are seeking to contain the damage to try to prevent it from overshadowing the more fundamental issue of Middle East peace.

"We believe the position the United States took should not inhibit our contacts with the United States, especially the new administration," according to Osama Barz, a senior adviser to President Hosni Mubarak of Egypt.

The Bush administration will take office under the shadow of what many Arabs say is a final, vindictive act by its predecessor in denying Mr. Arafat a visa to address the United Nations.

"This was a dangerous issue," a Western specialist said. "The Egyptians sized it up and decided that it

should not take the direction of an Arab-American confrontation, which they would lose."

That has not led angry public comment, reflecting a desire on the part of some Arab officials to please Secretary of State George P. Shultz personally.

"Shultz wanted to give Israel a personal gift on the occasion of his retirement," said an Egyptian newspaper columnist, Mustafa Amin. "I think he was trying to poison the water for Bush."

The U.S. decision ran counter to what Arab commentators and analysts portray as a fundamental shift in regional politics that Washington refused to acknowledge as a development that favors peace.

On Nov. 15, the Palestine Liberation Organization coupled the proclamation of an independent state in the Israeli-occupied West Bank and Gaza Strip with a political declaration widely interpreted as an implicit recognition of Israel.

That purported reversal of policies of PLO policy was sponsored by Arab nations pursuing conciliatory policies. It was led by Egypt, the only Arab nation formally at peace with Israel, and America's dominant Arab ally.

Mr. Arafat's address to the United Nations was viewed as an integral part of the Arab strategy to persuade the United States of peaceful intentions.

Instead, said Assad Abdul-Rahman, a member of the Palestine National Council based in Amman, the American move had "aroused public and private anger and discontent." The PLO considers the PNC to be its "parliament-in-exile."

"The wave of dismay and frustration will crystallize anti-American sentiments," he said.

That, in turn, has exposed the avowed moderation of the PLO and its Arab backers to challenge by radicals opposed to any conciliatory gesture toward Israel, Arab and Western diplomats said.

The desire to prevent an anti-American backlash reflects an acknowledgment among Arab states that they need the United States as a conduit to Israel.

"We have no illusions about the rapidity of things," said Bassam Abu Sharif, a senior Arafat aide. "It will be gradual, but it will come."

The United States refuses to deal with the PLO until it renounces violence and explicitly recognizes Israel.

Mahmoud Abbas, a member of the PLO executive committee, said after meeting Egyptian officials on Wednesday: "We must face the United States very calmly and without sensation. In spite of Shultz's decision, the world knows the Palestinian issue very well."

The Bush administration cannot ignore two things," said Tahseen Bashir, a prominent Egyptian analyst and former diplomat. "The intifada and the PLO's acceptance of 242." The Security Council's Resolution 242 of 1967 tacitly recognizes Israel's right to secure borders.

At its Algiers meeting, the PLO accepted the resolution and a subsequent United Nations call as the basis for an international Middle East peace conference.

In the Arab view, the PLO has largely done what Washington asked of it, and now it is up to Washington to respond. Washington, by contrast, rejects the security arrangements for Mr. Arafat's evacuation from Beirut.

Mr. Arafat's departure from Beirut effectively ended the dialogue about security. The PLO had less to trade, since it no longer had a central base for gathering and exchanging intelligence. The United States, in turn, had less need for PLO help. The chief terrorist threat of the 1980s was Iranian, not Palestinian.

"Bush has three choices," said an Egyptian official who asked not to be identified. "He can try to revive the terms of the Shultz initiative, he can do nothing, which would be dangerous, or he can come up with new ideas of his own and start a new initiative. We would like some new ideas."

AMERICAN TOPICS

Underserved Schools Turn to Day Care

With the baby bust leaving the trillion-dollar U.S. investment in schools understaffed, U.S. communities are beginning to use spare classrooms for day care for pre-school children, and for after-school programs for grade-school pupils, according to U.S. News & World Report magazine.

Parents worried about the high cost and uncertain quality of day care have welcomed the trend.

Jana Hill of Independence, Missouri, says she knows that her 5-year-old son, Matthew, is in a worthwhile program "because it is run by the school board and I trust them."

A higher proportion of births these days are twins. The New York Times says, because of the growing number of women having children at a later age, when the likelihood of giving birth to twins rises, as well as the increased use of fertility drugs and more fertilization of eggs outside the womb, both of which increase the chance of multiple births. In 1980, 193 of every 1,000 American babies were twins. In 1986 this has risen to 21.6 per thousand.

churches, concert and sports events, but a Pentagon spokesman said home visits would make "guaranteeing their safety too difficult." Replied Ed Malone, a University of Utah law professor, "How is it any less difficult to ensure security in a public building that has many offices and entrances than it is for a private home?"

A probation violator, Willie Parks, got a job as a typist in a Minneapolis probation office. He had barely begun typesetting when he was spotted by his probation officer, whose desk was 20 feet (about 6 meters) away. The officer, Jack Hughes, said Mr. Parks had failed to make restitution to a bank he had robbed and had failed to keep in touch. Mr. Hughes telephoned a deputy sheriff, who came and arrested Mr. Parks.

A higher proportion of births these days are twins. The New York Times says, because of the growing number of women having children at a later age, when the likelihood of giving birth to twins rises, as well as the increased use of fertility drugs and more fertilization of eggs outside the womb, both of which increase the chance of multiple births. In 1980, 193 of every 1,000 American babies were twins. In 1986 this has risen to 21.6 per thousand.

Notes About People

President-elect George Bush sent a silver pin shaped like a foot to Ann Richards, the Texas state treasurer, whose keynote speech at the Democratic convention included the remark that Mr. Bush was born "with a silver foot in his mouth." After Mr. Bush won the presidential election, Mrs. Richards sent him a telegram wishing him "the very best" in his new administration. Mr. Bush wrote back, "You've probably received a hundred of these telegrams, but I want you to have this one from me — a peace offering."

Short Takes

A New York City bus driver who suffered a miscarriage after her request to be placed on restricted duty was denied has been awarded \$450,000 in compensation after hearings before the New York State Division of Human Rights. In June 1981 Adrienne Nash, now 35, was told she was pregnant. A Transit Authority physician placed her on restricted duty, but a week later put her back on full duty. On July 16 she suffered a miscarriage. "A bus takes a lot of bumps," said her doctor, Russell Roland.

The 30 Soviet inspectors who monitor the Hercules missile factory at Magna, Utah, are so popular that their American neighbors are trying to get a bar dropped on visits to private homes. The inspectors have been welcomed to schools,

and Deaver said the rock singer John Deacon would like to go into space with Soviet cosmonauts. Officials in Moscow said it would cost him \$10 million. Now Lyle George, a salesman from Wayne, Nebraska, said he would solicit funds through a bank account he opened to help Mr. Deacon raise \$3 million for his one-way ticket. "I decided I'd be willing to chip in," Mr. George said. "I could be guaranteed that none of the money would be spent to bring him back."

Arthur Higbee

Israel Yields Hijackers As Russia Vows Mercy

Compiled by Our Staff From Dispatches

JERUSALEM — Israel agreed to return a group of hijackers to the Soviet Union after Moscow promised not to execute them, Foreign Minister Shimon Peres said Sunday.

The hijackers arrived back in the Soviet Union three days after exchanging a busload of hostage schoolchildren for a plane to Tel Aviv and the equivalent of about \$2 million. They surrendered in Israel without protest Friday.

Israel decided to send the group back after intensive contacts that Israeli officials and analysts hoped would help to restore official ties severed by Moscow over the 1967 Middle East war.

The Russians gave us a written commitment that these people would not be put to death," Mr. Peres told a radio interviewer.

The Foreign Ministry deputy director-general, Yeshayahu Amzay, said that Israel, as a country that opposed the death penalty, demanded the promise from the head of the Soviet consular delegation in Israel at the airport in Tel Aviv.

Israeli officials welcomed a meeting of the Soviet foreign minister, Eduard A. Shevardnadze, with the Israeli consular delegation in Moscow on Saturday but warned against expecting too much progress too soon in relations.

It was the first political contact between Soviet authorities and the consular delegation since it arrived in Moscow last July, officially to look after "technical questions" associated with Israeli and Jewish interests.

Mr. Peres said, "The fact that the leader of one delegation in Moscow was invited and the discussion took place in it did and was publicized and positive things were said is nearly without precedent in our relations with the Soviet Union in recent years."

He added: "We have an interest in building on these relations."

The hijackers arrived at Moscow's Sheremetyevo 1 airport early Sunday, ending the journey that began when they commandeered a Soviet bus in the southern Russian town of Ordzhonikidze on Dec. 1.

The Soviet authorities bargained with the hijackers to gain the release of the children and would, with Israel, with which it broke diplomatic relations 21 years ago.

"The outcome of the operation will serve as a warning to those who may mimic this kind of criminal designs," Tass quoted a secret police spokesman as saying.

Tass said the decision to negotiate to save the children was "the only right decision."

The Soviet strategy was in sharp contrast to the last known hijacking in March, when soldiers stormed a plane held by members of a family jazz band from the Siberian city of Irkutsk.

Five of the hijackers, three other passengers and a flight attendant died in the assault, and much of the plane was reduced to ashes.

Soviet papers questioned whether officials had needed to use force to end that drama.

(Reuters-AP)

U.S. Bars Some Soviet Jews as Refugees

By Robert Pear
New York Times Service

WASHINGTON — The United States has begun rejecting applications from some Soviet Jews and other Soviet citizens who want to come to this country as refugees.

State Department and immigration officials said Friday that at least 175 Soviet Jews had been denied refugee status over the last few months because they could not demonstrate "a well-founded fear

of persecution" in the Soviet Union. In addition, they said, 99 Soviet Armenians have been denied refugee status for the same reason.

The Union of Councils for Soviet Jews, a private group, said that hundreds of Soviet Jews had been denied refugee status in the last few months. Most of them are in Italy, outside Rome, the main transit point for Jews coming to the United States from the Soviet Union.

Until now, the United States

churches, concerts and events, but a Pentagon spokesman said home visits would make "guaranteeing" the trip "too difficult." Reply: Ed F. image, a University of Texas professor, "How is it to be difficult to ensure security in a public building that has its offices and entrances closed for a private home?"

A probation violator, Mr. Parks, got a job as a typist in Minneapolis probation office. He had barely begun when he was spotted by a supervisor, whose desk is 20 feet away. The supervisor, Jack Hughes, Mr. Parks had failed to report and had failed to be taught. Mr. Hughes phoned a deputy sheriff, who came and arrested Mr. Parks.

The insurrection began Thursday when 53 members of a coast guard unit robbed an arsenal and deserted their base.

On Friday, about 400 troops led by Colonel Sainzola rebelled at Campo de Mayo.

Government troops traded fire with the rebels on Friday and five persons were reported wounded.

But government guns were silent Saturday when most of the rebel troops at Campo de Mayo boarded army trucks and moved without to the nearby Villa Martelli, an arsenal equipped with tanks and explosives.

On Sunday, troops in the 6th Infantry Regiment at Mercedes, 240 kilometers west of the capital, joined the rebellion, but no further details were available. The news agency Noticias Argentinas quoted unidentified army sources as saying 70 rebels survived.

The insurrection was reported to have been triggered by the planned resumption of trials of military officers implicated in a wave of officially sanctioned terror during the years of a succession of military dictatorships.

A commission appointed by Mr. Alfonsin published a report in November 1984 that said nearly 9,000 people were arrested by security forces and "disappeared," a euphemism for presumed executions.

In December 1985, a civilian court convicted nine former military junta members, including former Presidents Jorge Videla and Roberto Viola, of human rights abuses. The civilian court trials against other military officials are scheduled to resume soon.

Before the military announcement, Noticias Argentinas said a provincial lawmaker and a second civilian were wounded by stray bullets in a brief firefight between government troops and mutinous soldiers at the rebel-held base.

Before news agencies announced a negotiated end to the four-day uprising, hundreds of Argentine citizens ignored danger and journeyed to the rebel depot to shout insults and throw rocks at the mutinous soldiers.

MUTINY: Rebels Surrender

(Continued from page 1) a heavily equipped arsenal, on Saturday.

Mr. Alfonsin had wide public support to quell the rebellion, the third in the past 18 months, and had pledged to "pacify" it.

Authorities used tear gas to disperse protesters who threw rocks and bottles at the rebel-held depot in Villa Martelli, a working-class neighborhood 15 kilometers from central Buenos Aires.

With some government officials calling the revolt a coup attempt, officials on Saturday called on the public to rally for democracy. Tens of thousands of people gathered in plazas nationwide to support a democracy that has seen six military coups since the 1930s.

The insurrection began Thursday when 53 members of a coast guard unit robbed an arsenal and deserted their base.

On Friday, about 400 troops led by Colonel Sainzola rebelled at Campo de Mayo.

Government troops traded fire with the rebels on Friday and five persons were reported wounded.

But government guns were silent Saturday when most of the rebel troops at Campo de Mayo boarded army trucks and moved without to the nearby Villa Martelli, an arsenal equipped with tanks and explosives.

On Sunday, troops in the 6th Infantry Regiment at Mercedes, 240 kilometers west of the capital, joined the rebellion, but no further details were available. The news agency Noticias Argentinas quoted unidentified army sources as saying 70 rebels survived.

The insurrection was reported to have been triggered by the planned resumption of trials of military officers implicated in a wave of officially sanctioned terror during the years of a succession of military dictatorships.

A commission appointed by Mr. Alfonsin published a report in November 1984 that said nearly 9,000 people were arrested by security forces and "disappeared," a euphemism for presumed executions.

In December 1985, a civilian court convicted nine former military junta members, including former Presidents Jorge Videla and Roberto Viola, of human rights abuses. The civilian court trials against other military officials are scheduled to resume soon.

Before the military announcement, Noticias Argentinas said a provincial lawmaker and a second civilian were wounded by stray bullets in a brief firefight between government troops and mutinous soldiers at the rebel-held base.

Before news agencies announced a negotiated end to the four-day uprising, hundreds of Argentine citizens ignored danger and journeyed to the rebel depot to shout insults and throw rocks at the mutinous soldiers.

New York City Prepares To Face 'Gorby Gridlock'

New York Times Service

NEW YORK — Mikhail S. Gorbachev will address the United Nations this week, have lunch with President Ronald Reagan and President-elect George Bush, tour a city swathed in Christmas glitter, and hopelessly snarl traffic and block shoppers.

The tight security that will surround the Soviet president, and the traffic jams that will swell as streets are blocked off for his 40-car motorcade, are already giving city officials nightmares of what they are calling "Gorby Gridlock."

"If he goes through Times Square, we expect he might get out of his car to shake hands," a police official said. "It's a moveable riot."

Mr. Gorbachev will arrive Tuesday afternoon and be driven to the Soviet Mission to the United Nations, where he will stay.

On Wednesday morning, he will meet the UN secretary general, Javier Perez de Cuellar, and address the General Assembly. He is to go by special ferry from the Battery, at the southern tip of Manhattan, to Governors Island for lunch with the American leaders. In the evening, there will be a diplomatic reception at the United Nations.

On Thursday, Mr. Gorbachev will tour the city. But a spokesman for the Soviet Mission, Yuri P. Chizhak, said the full schedule had not yet been set and it appeared that at least one of the more highly publicized aspects — a visit to Wall Street — would not happen. Mr. Gorbachev is scheduled to leave for Cuba on Friday morning.

MEETING: Gorbachev Visit

(Continued from page 1)

between Mr. Baker and the Soviet foreign minister, Eduard A. Shevardnadze.

These preliminaries are likely to take up the first half of next year or even more time, U.S. officials said, and this is among the reasons imputed to Mr. Gorbachev for seeking a meeting now, even one limited in duration and scope.

The U.S. plan calls for Mr. Reagan, Mr. Bush and Mr. Gorbachev to confer in an intimate setting without advisers for about 20 minutes at the start of Wednesday's meeting and more briefly at the end. However, aides said that Mr. Bush had not ruled out a one-on-one meeting with Mr. Gorbachev if the Soviet leader requested one.

Montreal should, accordingly, send a signal to all the world's trading nations that their interests will best be served by an increasingly open multilateral system, subject to clear and fair rules of the game that everyone can accept, these officials say.

Although they have reached the supposed midpoint of the so-called Uruguay Round, the most ambitious of all the eight post-war rounds of international trade negotiations, the participating countries have not yet started the real bargaining on the most serious issues dividing them.

A major aim is to extend the rules of the system from traditional manufactured goods to include the booming new trade in services, such as banking, insurance, transport and telecommunications, and so-called intellectual property, such as patents and computer software that was unforeseen by the existing system's post-war architects.

Services accounted for about 30 percent of the \$3.2 trillion total of world trade last year.

Unlike the original, largely Anglo-Saxon framers of the post-war system, however, today's global negotiators do not have the luxury of writing on a virtually blank sheet.

"They are largely struggling to react to events, not designing a new system based on an ideal concept," said one senior negotiator.

In a much more complex world,

negotiators of the 1980s have to try to reconcile a far wider range of divergent interests and differing trade practices and philosophies, including those of countries which have little or no free trade tradition.

China has long set three conditions for a summit meeting: reduction of Soviet troops along the border, Soviet withdrawal from Afghanistan and the end of Soviet support for the Vietnamese occupation of Cambodia. China regards the conditions as largely met, but they still reflect the Chinese concern for the Soviet military threat.

There are also domestic factors at work, Chinese economists and foreign diplomats say. Provinces bordering the Soviet Union have been mostly left out of the economic boom of the last few years. Increasing trade with the Soviet Union may not matter much for China's overall economy, but it may give northeastern Heilongjiang a greater sense of participation.

Chinese leaders have gone out of their way to reassure the United States that it has nothing to fear from the improvement of relations with Moscow, and American officials accept the assurances.

"To the extent improved Sino-Soviet relations lessen tension in Asia and elsewhere," the United States ambassador to China, Winston Lord, told an audience in San Francisco on Saturday, "it is a welcome development."

TRADE: Montreal Talks Aim to Provide Impetus for a Complex Overhaul

(Continued from page 1)

sues its plans for a post-1992 single market.

A successful outcome of the week-long meeting could not only help to restrain protectionist pressures in the United States and the Europe. It might also somewhat reassure the many other countries that fear that a Fortress Europe, and perhaps a Shostak America, may be in the making.

The U.S. plan should, accordingly,

send a signal to all the world's trading nations that their interests will best be served by an increasingly open multilateral system, subject to clear and fair rules of the game that everyone can accept, these officials say.

Although they have reached the supposed midpoint of the so-called Uruguay Round, the most ambitious of all the eight post-war rounds of international trade negotiations, the participating countries have not yet started the real bargaining on the most serious issues dividing them.

A major aim is to extend the rules of the system from traditional manufactured goods to include the booming new trade in services, such as banking, insurance, transport and telecommunications, and so-called intellectual property, such as patents and computer software that was unforeseen by the existing system's post-war architects.

Services accounted for about 30 percent of the \$3.2 trillion total of world trade last year.

Unlike the original, largely Anglo-Saxon framers of the post-war system, however, today's global negotiators do not have the luxury of writing on a virtually blank sheet.

"They are largely struggling to react to events, not designing a new system based on an ideal concept," said one senior negotiator.

In a much more complex world,

negotiators of the 1980s have to try to reconcile a far wider range of divergent interests and differing trade practices and philosophies, including those of countries which have little or no free trade tradition.

China has long set three conditions for a summit meeting: reduction of Soviet troops along the border, Soviet withdrawal from Afghanistan and the end of Soviet support for the Vietnamese occupation of Cambodia. China regards the conditions as largely met, but they still reflect the Chinese concern for the Soviet military threat.

There are also domestic factors at work, Chinese economists and foreign diplomats say. Provinces bordering the Soviet Union have been mostly left out of the economic boom of the last few years. Increasing trade with the Soviet Union may not matter much for China's overall economy, but it may give northeastern Heilongjiang a greater sense of participation.

Chinese leaders have gone out of their way to reassure the United States that it has nothing to fear from the improvement of relations with Moscow, and American officials accept the assurances.

"To the extent improved Sino-Soviet relations lessen tension in Asia and elsewhere," the United States ambassador to China, Winston Lord, told an audience in San Francisco on Saturday, "it is a welcome development."

that on this and other issues, the rich nations will simply strike their own deals, in a North-South negotiation that will ignore the poorer countries' legitimate interests.

In preparation negotiations over the last few weeks in Geneva, a number of officials said, many positions hardened as Montreal approached, to the extent that there is some gloom over the prospects for real breakthroughs this week.

But while the United States and the European Community differ fundamentally on the degree to which agriculture should continue to be subsidized, they have important common interests in many of the round's other major areas.

As their share of world manufacturing declines, both want to open up trade in services and intellectual property and set rules of the game that would allow their companies to operate freely on a worldwide basis.

For Japan, it is especially important to keep markets open and safeguarded by rules that will prevent the United States and the EC from placing what it sees as undue restrictions on its exports.

Tokyo is also concerned that it should continue to be able to invest as freely as possible abroad, particularly in the U.S. and EC markets.

Developing countries, however, do not want to abandon their national controls over investments by multinational companies, in favor of rules set by the richer nations.

Another clash is looming on the protection of intellectual property, such as patents, copyright and technological innovations, a particularly high priority for the United States. Officials say a storm is brewing between rich and poor countries reminiscent of the acrimonious North-South disputes of the 1970s.

Many developing countries fear

that on this and other issues, the rich nations will simply strike their own deals, in a North-South negotiation that will ignore the poorer countries' legitimate interests.

In preparation negotiations over the last few weeks in Geneva, a number of officials said, many positions hardened as Montreal approached, to the extent that there is some gloom over the prospects for real breakthroughs this week.

But while the United States and the European Community differ fundamentally on the degree to which agriculture should continue to be subsidized, they have important common interests in many of the round's other major areas.

As their share of world manufacturing declines, both want to open up trade in services and intellectual property and set rules of the game that would allow their companies to operate freely on a worldwide basis.

For Japan, it is especially important to keep markets open and safeguarded by rules that will prevent the United States and the EC from placing what it sees as undue restrictions on its exports.

Tokyo is also concerned that it should continue to be able to invest as freely as possible abroad, particularly in the U.S. and EC markets.

Developing countries, however,

do not want to abandon their national controls over investments by multinational companies, in favor of rules set by the richer nations.

Another clash is looming on the protection of intellectual property, such as patents, copyright and technological innovations, a particularly high priority for the United States. Officials say a storm is brewing between rich and poor countries reminiscent of the acrimonious North-South disputes of the 1970s.

Many developing countries fear

that on this and other issues, the rich nations will simply strike their own deals, in a North-South negotiation that will ignore the poorer countries' legitimate interests.

In preparation negotiations over the last few weeks in Geneva, a number of officials said, many positions hardened as Montreal approached, to the extent that there is some gloom over the prospects for real breakthroughs this week.

But while the United States and the European Community differ fundamentally on the degree to which agriculture should continue to be subsidized, they have important common interests in many of the round's other major areas.

As their share of world manufacturing declines, both want to open up trade in services and intellectual property and set rules of the game that would allow their companies to operate freely on a worldwide basis.

For Japan, it is especially important to keep markets open and safeguarded by rules that will prevent the United States and the EC from placing what it sees as undue restrictions on its exports.

Tokyo is also concerned that it should continue to be able to invest as freely as possible abroad, particularly in the U.S. and EC markets.

Developing countries, however,

do not want to abandon their national controls over investments by multinational companies, in favor of rules set by the richer nations.

Another clash is looming on the protection of intellectual property, such as patents, copyright and technological innovations, a particularly high priority for the United States. Officials say a storm is brewing between rich and poor countries reminiscent of the acrimonious North-South disputes of the 1970s.

Many developing countries fear

that on this and other issues, the rich nations will simply strike their own deals, in a North-South negotiation that will ignore the poorer countries' legitimate interests.

In preparation negotiations over the last few weeks in Geneva, a number of officials said, many positions hardened as Montreal approached, to the extent that there is some gloom over the prospects for real breakthroughs this week.

But while the United States and the European Community differ fundamentally on the degree to which agriculture should continue to be subsidized, they have important common interests in many of the round's other major areas.

As their share of world manufacturing declines, both want to open up trade in services and intellectual property and set rules of the game that would allow their companies to operate freely on a worldwide basis.

For Japan, it is especially important to keep markets open and safeguarded by rules that will prevent the United States and the EC from placing what it sees as undue restrictions on its exports.

Tokyo is also concerned that it should continue to be able to invest as freely as possible abroad, particularly in the U.S. and EC markets.

Developing countries, however,

do not want to abandon their national controls over investments by multinational companies, in favor of rules set by the richer nations.

Another clash is looming on the protection of intellectual property, such as patents, copyright and technological innovations, a particularly high priority for the United States. Officials say a storm is brewing between rich and poor countries reminiscent of the acrimonious North-South disputes of the 1970s.

Many developing countries fear

that on this and other issues, the rich nations will simply strike their own deals, in a North-South negotiation that will ignore the poorer countries' legitimate interests.

In preparation negotiations over the last few weeks in Geneva, a number of officials said, many positions hardened as Montreal approached, to the extent that there is some gloom over the prospects for real breakthroughs this week.

But while the United States and the European Community differ fundamentally on the degree to which agriculture should continue to be subsidized, they have important common interests in many of the round's other major areas.

As their share of world manufacturing declines, both want to open up trade in services and intellectual property and set rules of the game that would allow their companies to operate freely on a worldwide basis.

For Japan

Vigilance
To Thwart
Murders

By A. M. Rosencrantz
VIENNA — Well, he
told me what truly
discovered in 40 years
down the murders of the
Wiesenthal have that
those who fear that
those who fear that
that spawned the Nazi
one day spill out again.

Thus fear is part of Simon's
life at 80 as it was when
the gates of a Nazi
camp. On the table behind
book he wrote, listing each
year and the pogroms, the
days and evil events that
were committed that
year, after year for hundreds

of years.

The apartment is filled

the Wiesenthal Documenta-

is crowded with the files

he has tracked and those

not found. And in one

young woman works a

team of the organization

for the United States

last 80 neo-Nazi groups

Simon Wiesenthal

revelations to be used

in the black

tribunals

were a

Roman

countries

were used

in the

United

Territories

they were

led by the

of all pow-

ers to

more ver-

ous of the

South Af-

rica

and before

whether or

not to be

the

Attempts to Build Up Aircraft Industry Make Difficult Headway

By Andrew Horvat

TOKYO — Late last month All Nippon Airways, Japan's largest air carrier, made a decision unthinkable just a few years ago. Just as an international consortium with heavy Japanese participation is readying a new kind of jet engine, ANA opted for an engine made by a venture in which there are no Japanese partners.

ANA's choice was front-page news in a country where the revitalization of the aircraft industry, destroyed in World War II, is seen as a national mission by many bureaucrats. "An engine backed by the Japanese government will not fly in Japanese skies," noted the *Asahi*, a respected national daily.

The engine ANA chose for its proposed 20-plane fleet of 150-passenger A320 Airbuses is the French-American General Electric FM5615. The loser was the V2500, made by the Swiss-based International Aero Engine Company, a consortium which included Japan's Ishikawajima-Harima Industries, two other Japanese companies as well as Rolls-Royce, Pratt & Whitney and firms from West Germany and Italy.

ANA's decision to stick with GE, which

supplies jets for much of the ANA fleet, underscored the difficulties that Japanese bureaucrats have had in applying to aircraft the formula by which Japan became a world leader in such industries as steel, automobiles and semiconductors.

In all three examples, the Ministry of International Trade and Industry oversaw a process by which superior foreign technology was made available to Japanese manufacturers, imports were kept out, and nationalistic consumers were relied upon to "buy Japanese."

At present, Japan supplies 98 percent of its own steel, the same ratio of its cars and just slightly less of its semiconductors. Japanese exports in the above three fields have made huge inroads in world markets. Aircraft manufacturing, however, has resisted MITI's success formula. It and aerospace are the two fields in which economic realities have forced Japanese companies to practice what they preach—"internationalization," or *kokusaku*.

In spite of a 20-year effort to build a "pure Japanese" commercial jet, Japan relies entirely on imports. Moreover, the YS-11, the one attempt to build a Japanese commercial plane, proved to be a financial disaster. Production was halted after little more than 170 of the jet-propels were built.

But MITI did not abandon its plans to create a strong domestic aircraft industry. Aerospace has recently been designated a key industry, just as semiconductors were nearly 20 years ago. In spite of the failure of the YS-11, a MITI branch, bureaucrats came up with the YX, a "pure Japanese" jet transport. But after years of internal discussions, the idea was

unhappy with the outcome of the YX.

Originally, MITI officials had hoped for a much larger Japanese participation—as high as 50 percent—which would have allowed for a greater number of Japanese engineers to take part and hence more transfer of know-how from Boeing to Japan.

The YXX plan, known abroad as the Boeing

to guarantee lower operating costs, per unit price is reported to be high and carriers have so far shown little interest.

To many Japanese, the absence of a "pure Japanese" plane is a source of concern. Earlier this year, when a YS-11 slipped off the runway at a provincial airport and dipped its nose into the sea, Transport Minister Shintaro Ishihara made an emotional appeal for backing to replace the aging turbo-prop with another Japanese-built plane.

While MITI has plans for a quiet, 75-seater jet on the drawing boards, dubbed the YX-2500 project, which they saw as an attempt to target Pratt & Whitney. The large Japanese participation—the three Japanese partners accounted for the largest single grouping—is what sent off alarms in Washington.

Unlike in steel, cars or semiconductors, the domestic market is not large enough to justify the huge development costs of a new airplane. Japan by itself accounts for a mere 6 percent of the world market for aircraft.

But, if the ANA decision to ignore MITI's priorities in localizing jet engine technology is any guide, the Japanese government may face increasing pressure from domestic carriers to abandon costly funding of national goals for aircraft manufacture and to permit a greater volume of imports.

which they have tried to sell in Japan without success. Britain's BAE-146, the exact size of the YS-X, is a case in point.

In parallel to MITI's interest in aircraft design has been an effort to localize know-how in engine production. The V2500 received MITI's blessings because the international venture offered the chance for Japanese makers to obtain technology from Rolls-Royce and Pratt & Whitney, in return for easy sales to Japanese carriers.

As recently as last year, U.S. Commerce Department officials voiced concern with the V2500 project, which they saw as an attempt to steer out especially to established aerospace employers are increasingly leaving the law and having illegal workers in a recent series of raids in Tokyo, 60 percent of the firms asked said that they intended to hire foreign workers to fill jobs that young Japanese

are leaving the problem of illegal labor shortages grows, the government's efforts to relate to those willing to do it are poor and unhelpful.

Japan has no official immigration system of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or sojourners and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories. The fact that they are still classified as foreigners right down to their fingerprints bearing often indicates of the government's thinking of non-Japanese as they are potential troublemakers.

The 100,000 other foreign residents or transient business people, diplomats, entrepreneurs, tourists, students, dependents and others who saw just cause for living temporarily in Japan.

is a native labor force of 60 million, only 10 percent

of whom are employed.

Residents of the "sojourn" or so

leadway

Stricter Laws Fail to Stem Illegal Entries

By Lisa Martineau

TOKYO — Japan will not admit it, but it now needs the foreign workers which it is trying so desperately to keep out, especially the unskilled ones.

Employers are increasingly breaking the law and hiring illegal workers. In a recent survey of small and medium-sized industries in Tokyo, 60 percent of the companies asked said that they needed to hire foreign workers to fill the jobs that young Japanese no longer want.

But the more the problem of unskilled labor shortages grows, the tighter the government shuts the door to those willing to do it: Asia's poor and unemployed.

Japan has no official immigration.

Forbearers of the 700,000 or so Korean and Chinese residents were brought to Japan under duress from former colonies during the Pacific War to man the mines and factories.

The fact that they are still classified as foreigners, right down to their finger-print-bearing alien card, is indicative of the government's thinking on non-Japanese: that they are potential troublemakers.

The 100,000 other foreign residents are transient business people, diplomats, entertainers, journalists, students, dependents and others who can show just cause for being temporarily in Japan.

In a native labor force of 60 million, only 60,000 foreigners

hold work permits. Estimates for the number of illegal workers vary. The Justice Ministry reckons that there are 70,000, whereas the Labor Ministry puts the figure closer to 150,000. Most come from Pakistan, Bangladesh, China, Thailand and the Philippines.

The surprise is that the figures are not higher. A month of underpaid work in Japan can earn a poor Asian family alive for a year. A Filipina maid can earn in a week in Tokyo what it takes a doctor a month to earn in Manila.

In the first half of this year, 7,100 illegal workers were caught and sent home — up 24 percent over the same period in 1987. For the first time, male illegal workers outnumbered women by almost two to one.

Most of these new male illegals came from Bangladesh and Pakistan.

Over 90 percent of the 17,000-plus Bangladeshis and Pakistanis who came to Japan last year arrived as tourists. Although the authorities caught fewer than 1,350 working illegally, and a further 2,600 in the first nine months of this year, they think many more found jobs.

The government's action was swift. From next January, the reciprocal agreements with Bangladesh and Pakistan, which had exempted tourists from visa requirements, will be scrapped.

"It's better to make entry more difficult," a Justice Ministry spokesman said, "than to have to turn away people from the airport."



An unemployed man applying for a job in Tokyo.

The more unskilled labor is in demand, the tighter the government shuts the door.

Airport because immigration officers suspected that they were coming in to work.

The government has also tightened up rules governing applicants for language schools, which

For the others who come in as tourists, working in Japan is going to become more difficult too.

From the end of this year, Japanese employers caught hiring illegal workers will face heavy fines.

The Construction Ministry has told the governors of prefectures and the heads of 36 construction groups not to hire illegal workers. Next year, the ministry warns, those companies continuing to employ illegals will be barred from bidding and contracting for public works projects.

Usually a working visa lasts for a year. In 1987, 600 of the people who applied were turned down for an extension. This year, the figure is likely to be higher.

Much ado about nothing? The Japanese do not think so; they point to Britain's racial unrest and West Germany's problems with guest workers as reasons to keep immigrant labor out.

Another reason is the sense

that David Powers

In the heart of Tokyo . . .



Business soon turns to pleasure at the Okura.

Business day or night, relaxation is always at hand at the Okura.

After a board meeting, business forum or conference, sample the many forms it takes in cuisine and setting. And amidst the serenity, revel in service befitting Tokyo's finest hotel.

Hotel
Okura
In a class by itself

Tokyo, Japan TEL: (03) 582-0111 TELEX: J22790 FAX: (03) 582-3707

one of "The Leading Hotels of the World"

See your travel agent or our hotel representatives.
LHW: Great Britain Tel: 0900-181-123, France Tel: 19-05-90-84-44,
West Germany Tel: 01-30-21-10, Switzerland Tel: 046-05-1123, U.S.A. Tel: 800-223-6800
Unif. Int'l: London Tel: 01-95-8211, Paris Tel: 01-261-83-28,
Dusseldorf Tel: 0211-369903
Hotel Okura Amsterdam Office: Tel: 020-761160

Tokyo Steps Up Pace As Foreign Aid Donor

By Roger Buckley

TOKYO — Japan is about to chalk up yet another gold medal to add to its growing international collection. Senior officials in Tokyo are confidently predicting that their nation will shortly overtake the United States as the world's No. 1 provider of foreign aid.

For Japan, the West and the developing world, this is welcome news and an example of the cooperative shift taking place in Japan's external relations.

Recent information released here by Japan's Foreign Ministry on Official Development Assistance (ODA) boast that there has been "spectacular growth" since last year. It admits, however, that part of this improvement is the consequence of the yen's appreciation against the dollar, and it acknowledges that "international expectations of Japan's assistance are growing" and that more still needs to be done to dislodge the overseas critics. Many in the West persist in viewing Japanese foreign aid as little more than a euphemism for massive export promotion by Japan Inc.

Western pressure and increased receptivity in Tokyo to standards on the need for Japan to assume greater international responsibilities are achieving results. Government statistics suggest that Japan's ODA of \$7,454 billion in 1987 was a substantial improvement over the previous year in both dollar and yen terms.

By the end of fiscal 1989, Japan will have leaped-frogged over the United States to take its new crown as top of the aid league. This should demonstrate even to the cynics that Japan is capable of delivering on its promises. It can only assist Prime Minister Noboru Takeshita in his future dealings with other Western leaders and dispel the lingering image at home that Mr. Takeshita would prove a pushover when it came to summit diplomacy.

His record to date after 12 months in the post suggests that provided he sticks to his briefing papers, he can hold his own without undue difficulty.

Mr. Takeshita is starting to fulfill the pledge he made at this year's Toronto advanced nations summit to double Japan's aid total to more than \$50 billion between fiscal 1988 and fiscal 1992. Yet change of this magnitude will not be easy, and there remain several domestic hurdles that still have to be cleared.

Expectations of Japan in light of the presidential election victory of George Bush may further increase. Japanese press commentators have emphasized that foreign aid is now seen in Washington as an important component in the evolving U.S.-Japan relationship.

Mr. Takeshita has already stated that the way forward for the two Pacific allies is "by sharing responsibility in a global perspective." Informed sources in Tokyo assume that the Bush administration will urge Japan to boost strategic aid to pro-Western regimes in the Asian-Pacific region, citing assistance to the Aquino government in the Philippines as an important example.

It is likely that regional "burden sharing" will increasingly devolve to Japan and that more Asian states will look to Tokyo rather than Washington for foreign aid and financial packages. Japan is already the principal aid donor to 25 countries in Asia, the Middle East and Africa.

The next questions on the aid agenda are con-

cerned not only with quantitative but also with qualitative improvement of Japan's aid structure. Coherent policies and assurances that funds raised will be used effectively are required if the present public approval of aid is to be maintained in the future.

Misgivings over the misappropriation of funds allocated to the Philippines during the Marcos era have not been put to rest. Opinion surveys conducted in October last year by the Japanese prime minister's office suggested that earlier positive views of foreign aid may be leveling off.

The youth of Japan still react favorably to the concept of foreign aid but the government's present

In fiscal '89, Japan will surpass the U.S. as top provider.

priority on Asia is meeting with less approval as the Japanese "discover" Africa.

Among those who continue to regard Japanese aid in a favorable light, the major reasons cited are the contributions that Tokyo can make to global stability, the need for humanitarian assistance to the Third World and Japan's international duty as a surplus nation to consider other nations. A loose but generally positive political and social consensus appears to exist within Japan on which an improved aid structure could be constructed.

The need to establish new aid goals was admitted by the Foreign Ministry in October when it recognized that parts of Japan's current aid programs had bad gaps.

The Foreign Ministry, the leading bureaucratic aid actor in a bureaucratic state, suggested that higher priority should be accorded to the poorest African states and that greater attention ought to be placed on environmental issues as urged recently by former Foreign Minister Saburo Okita.

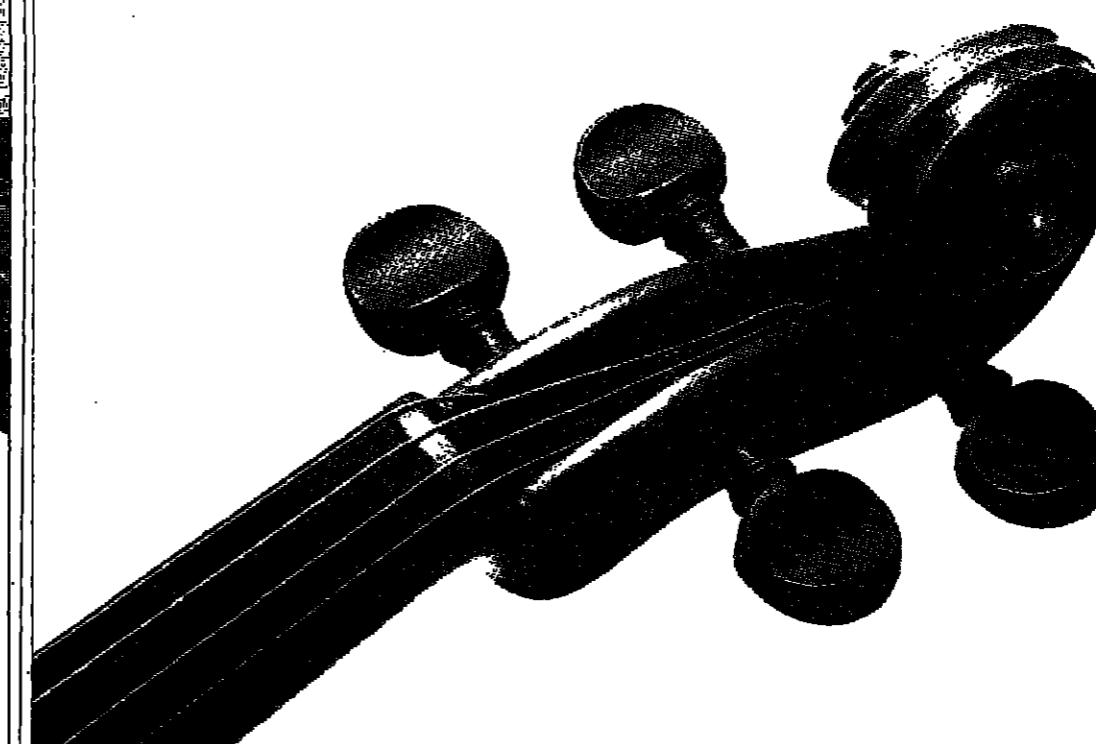
He wants financial projects in timber-producing countries such as Indonesia and Malaysia to be more rigorously scrutinized and would like to see an end to the wasteful Japanese practice of providing disposable chopsticks in each and every restaurant and snack bar throughout the nation.

Much still needs to be done to galvanize the forces of the Japanese state and private industry over foreign aid, but the contrast between the timidity of a decade ago and the current scale of expenditure deserves qualified approval.

Future improvements can only lead to a wider international role for Japan as part of its increasing self-confidence in foreign affairs. There can be no retreat now to the bunker mentality. ODA has already played its part in destroying the remnants of Japanese isolationism.

ROGER BUCKLEY is Associate Professor of Political Science at the International Christian University in Tokyo. He is author of "Occupation Diplomacy: Britain, the United States and Japan, 1945-1953" (Cambridge University Press, 1982), and "Japan Today" (Cambridge University Press, 1985).

Fine tune
your finances with Fuji expertise.



To harmonize your finances in the midst of today's rapidly changing business environment,

Fuji Bank offers its proven expertise in all aspects of financial management.

As the pre-eminent bank in world markets, Fuji will help keep your finances in perfect pitch.

FUJI BANK
Tokyo, Japan

Overseas Network
London, Manchester, Düsseldorf, Frankfurt, Munich, Zürich, Brussels, Luxembourg, Paris, Milan, Madrid, New York, Los Angeles, Chicago, Houston, Seattle, San Francisco, Atlanta, Miami, Toronto, Mexico City, São Paulo, Bahrain, Tehran, Seoul, Singapore, Hong Kong, Jakarta, Manila, Bangkok, Kuala Lumpur, Beijing, Shanghai, Dalian, Guangzhou, Shenzhen, Sydney, Melbourne

Heller Financial, Inc., Heller Overseas Corporation

Spirit of Innovation

Imports: A Political Priority

Continued from page 7

overnment packages to promote imports, Japan has been convinced by its trade partners into lowering or pulling down tariff barriers and removing import quotas that violate GATT rules on virtually everything except coal and some farm products.

The government says Japan's average tariff rate on imports is now lower than those of the European Community and the United States, and that it is cutting or abolishing remaining ones. Discriminatory quotas on foods such as beef and citrus fruit and discriminatory taxes on imported alcohol are gone.

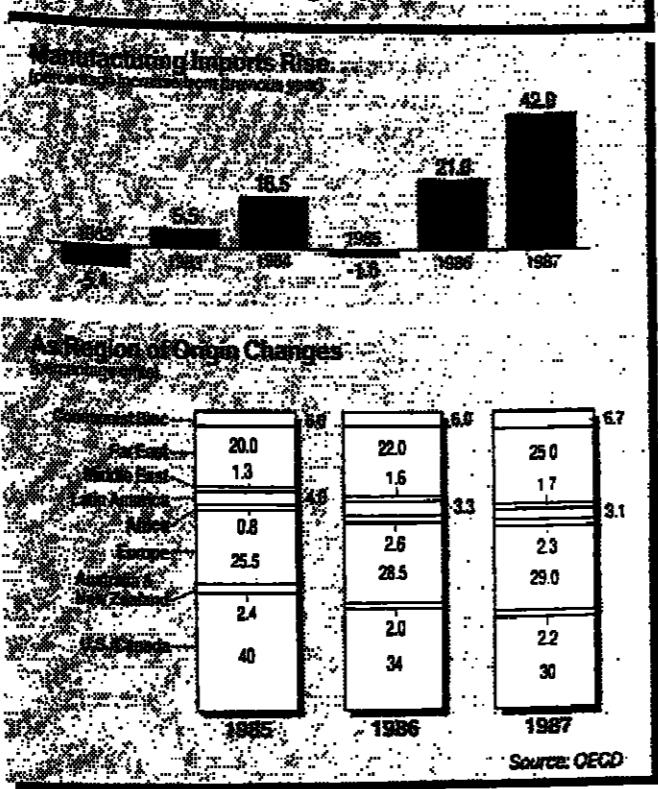
Official procurement of foreign goods has been stepped up, though the total was worth only 54 billion yen (\$446 million) last year. This has been topped up by a 139-billion-yen procurement program announced in May 1987 as part of the government's most recent emergency measures to improve access to Japanese markets in order to defuse trade friction over the country's export surplus. Two-thirds of this extra money is being spent in the United States on big-ticket items such as aircraft and helicopters. Most of the remaining third has gone to Europe for precision machinery.

The government has also told private companies to increase their foreign procurement. Despite Japanese companies' reluctance to upset long-term relationships with their suppliers, this appeal is falling on more responsive ears now that the strength of the yen is finally starting to make imports cheaper.

Companies have felt the benefit of lower yen import prices earlier than consumers. Though it was as long ago as September 1985 that the major industrial countries agreed at the Plaza Hotel in New York to devalue the dollar, it is only now that prices of foreign goods in the shops are starting to fall.

Import prices for raw materials, intermediate goods and final goods are at around 30 percent, 75 percent and 80 percent of their pre-Plaza levels, but the domestic wholesale price index has only fallen 10 percent and consumer prices have been flat-to-rising slightly. The many layers of the manufacturing and distribution system between customs post and

Japan's Manufacturing Imports



shop shelf have absorbed much of the windfall benefit of the high yen for industry.

Although since 1985, imports of consumer goods have grown twice as fast as imports of capital goods, Japan is still hard going for all would-be importers. Technical standards and certification procedures remain a hurdle, if a lower one than before. Neither does price alone sell a good in Japan. Quality and after-sales service matter, too. Breaking the existing long-term relationships between supplier and customer is difficult. In wholesale distribution, these are often cemented by long-term credit terms.

The distribution system is an enduring hindrance to importers. It is labyrinthine. It tends to restrict the flow of foreign goods to the bigger stores in the bigger cities. It inflates prices. In medicare have been tolerated because of its social role in providing jobs.

The rise in manufactured imports is also creating new distribution channels, notably for:

• Direct imports. Several large stores groups will now arrange international mail-order catalogues for their customers. The post office plays a similar service.

• Parallel imports from third countries, particularly of cars and alcoholic drink. These get round sole agency agreements that have been notorious in jacking up the prices of foreign goods.

• Reverse imports of goods made in Japanese factories overseas such as Ohio-made Honda Accord and Australian-made Mi-

subishi cars. Toshiba, Hitachi and Mitsubishi are importing color-television sets they make in America.

• Developmental imports, where Japanese firms commission producers in developing countries to make goods for the Japanese market using Japanese machinery, technology and expertise. The growth of developmental imports is one reason that manufacturers in the United States on big-ticket items such as aircraft and helicopters. Most of the remaining third has gone to Europe for precision machinery.

Where they can compete is in businesses

Foreigners Struggle for Share of Markets

TOKYO — The problem for foreign firms in Japan's highly compartmentalized financial markets is not so much access as being the new boys on the block. So large are the leaders in most industries that it is difficult and costly for new entrants, foreign or Japanese, to challenge those already entrenched. Only when markets are new or when the rules are rigged in their favor do newcomers have a chance to compete on even terms.

Getting licenses is no longer the main problem. In most financial businesses in Japan now, virtually any qualified foreigner who wants in is admitted on the same terms as any Japanese house.

In some businesses, foreign firms have an advantage. Foreign commercial banks, for example, are allowed into the securities business through 50 percent-owned subsidiaries. Japanese commercial banks are kept out by Article 65 of the Securities and Exchange Law, Japan's equivalent of the U.S. Glass-Steagall Act, which separates commercial and investment banking.

But access to a market is a different matter from making money in it. There will always be some business for foreign firms investing in Japan, but the real market is in servicing Japanese clients because that is where the money is.

Most foreign financial houses, whether banks, securities houses or investment management firms, find themselves to be small fish in a very big pond in Tokyo, however big they are at home. They cannot hope to compete against the domestic giants in retail financial services, such as commercial banking or stockbroking, which require extensive branch networks or in capital-markets services to institutional investors that require a deep capital base or an extensive range of Japanese company clients.

Where they can compete is in businesses

in which they have special expertise, such as asset management, at which Japanese firms are generally weak; or because of their expertise in markets that are new to Japan, such as swaps and financial futures; or because of their knowledge of, and contacts in, foreign markets that let them sell services such as merger-and-acquisition or fund-management advice.

The great hope for many foreign firms is the pension-fund management business, once the duopoly of the trust banks and life insurance companies is broken. It is just the sort of high-skill, low-capital requirement business in which foreign firms can thrive.

It is not impossible to compete head on with the biggest Japanese firms, but it must be done selectively and with a strong commitment. The fifth-largest capitalized securities company in Tokyo is Salomon Brothers, which injected more than \$300 million of capital into its Tokyo-based Asian subsidiary in 1987. A firm needs a deep pocket if it is to be able to hold the inventories of stock and bonds necessary to service Japanese institutional investors.

Undeniably, Salomon's is a force in the dollar and yen government-bond markets in Tokyo. But it is an exception rather than a rule. It is also an exception in the amount of money it makes. It is the only financial firm among the top 80 most profitable foreign firms in Japan in its businesses. It ranks a more than respectable 26th.

In the year to September 1987, Salomon's accounted for three-fifths of the trading profit reported by all the 37 foreign firms licensed to deal in securities. That still amounted to only 11.1 billion yen (\$91.2 million) among them. Japan's fixed commissions on stock trades was a lifeline for them, providing 110.7 billion yen out of total combined revenues of 133.7 billion

yen. Only 17 of the 37 reported a pretax profit. For the first half of the current year only eight of the 43 firms now licensed reported a profit.

One caveat to the figures is that for tax reasons foreign securities companies want to book as much of their Tokyo tax as possible outside Japan. The Japanese tax authorities are clamping down on this.

However, with Tokyo's sky-high rents to pay for offices and expatriate staff's homes, there are plenty of costs (overheads totaled 16.1 billion yen in 1987) to keep down the potential tax liability to Tokyo branches.

The Ministry of Finance was so worried that some foreigners might pull out of To-

kyo because of costs that, when the Tokyo Stock Exchange announced a second round of new memberships last December, it got the 16 successful foreign applicants to promise that they would not give up their seats for at least five years. Defectors would have been embarrassing given the pressure that had been applied by foreign governments and the Finance Ministry to get the xenophobic membership of the Tokyo exchange to let in more foreigners.

The cost of membership is still daunting. A firm needs up to \$2 million for fees and associated start-up costs. Its salesmen have to sell a lot of stocks to get that back in the savings resulting from not having to pay a member a one-third cut of the commission for executing a trade.

There are now 22 foreigners among the 115 members of the Tokyo Stock Exchange. The unsuccessful candidates last time round, most notably Barclays de Zoet Wedd, James Capel and Chase Securities, still have their hats in the ring. It is also likely that the exchange will have to make room for French-owned firms, such as Anders, Laing & Crukshank, when France's own financial markets are opened in 1990 and Japanese brokers can join the Paris bourse.

By the standards of the foreign securities companies, the foreign banks in Japan are having a hard time, though by their own modest standards, they have had a good year. The 81 foreign banks made a combined pretax profit of 61.4 billion yen in the year to March 1988, compared with 32.3 billion yen (for 79 banks) a year earlier, according to Peat Marwick-Minato, the local arm of the international accountancy group.

Paul Maidment

U.S. Car Makers Fighting to Defend Own Territory

By Roger Schreffler

TOKYO — "We have met the enemy and he is us." The famous line from the cartoon strip "Pogo" could well serve as the epitaph for the U.S. automobile industry if it fails to defend its home market against the Japanese in the coming two to three years.

Already, the battle lines are drawn — in Michigan, Ohio, California, and elsewhere throughout North America — and most signs point to an industry shakeout in the early 1990s, when overcapacity is expected to reach 3 million units.

For America's big car makers, which long have attributed the Japanese auto industry's success to essentially cultural characteristics and unfair market practices, often ignoring obvious management and technical skills, they fi-

nally will be given a chance to prove themselves right — or wrong.

"U.S. automakers have not moved aggressively enough to eliminate their disadvantages," asserted Tony Mayer, an industry analyst for SBCI Securities in Tokyo. "Their efforts appear to be limited and somewhat half-hearted." Clearly, that has not been the case with the Japanese.

Their combined investment in North American assembly plants is close to \$6 billion, and that does not include engine and component production. Twelve plants, including joint venture facilities with the big three U.S. producers, are scheduled to be in operation by mid-1991, with planned production capacity of 2.5 million vehicles, or roughly one-fourth of total capacity in the United States and Canada.

Since November 1982, when the first Accord rolled off Honda Mo-

tor Co.'s Ohio assembly line, Honda has been joined by seven other makers, including Toyota Motor Corp., Nissan Motor Co. and Mazda Motor Corp.

Initially, these projects were

planned to bring key components from Japan, including most highly-valued parts such as engines, transmissions and electronic gadgets and control devices. That has changed. A combination of political and long-term strategic considerations has forced makers to rethink the entire issue of parts procurement, and most now are committed to purchasing upward of 70 percent of their materials and components locally.

Questions of international division of labor aside, the U.S. components industry simply was too weak to deliver as recently as three years ago. All the largest Japanese suppliers — companies like Nippondenso Co., Aisin Seiki Co. and Calsonic Inc. — were wary of

the financial and political risks involved with investing literally tens of millions of dollars in offshore production.

There are now more than 300

Japanese auto suppliers in the market, through subsidiaries, joint ventures and buyouts.

Increasingly, General Motors Corp., Ford Motor Co. and Chrysler Corp., the U.S. big three, are becoming dependent on these companies. Last year, Nippondenso sold a reported \$350 million worth of components to the three makers, up from \$60 million in 1983.

As for the big three, they have

no immediate cause for alarm. At least, on the surface, GM, Ford and Chrysler all seem to be on solid ground, having registered record or near-record profits in each of the past three years.

Still, there is something very unsettling about this particular "recovery." Profits were achieved in a

restricted trade environment; Japanese automakers, since 1981, have been unable to sell their cars freely in North America as unit sales were held down artificially by export quotas. Last year's limit was 2.3 million units. Not only have the Japanese had to deal with quotas, but since April 1980 they have had to pay a 25 percent tariff on all light trucks entering the United States.

The big question now is whether the U.S. companies have used their grace period effectively to rebuild the industry's foundation. Although seven years have passed since export restraints were introduced, it remains unclear if U.S. car makers can compete head on against the Japanese, even in North America.

It does not include a desire for integration in newspapers and television

and export flexibility in opening Japan to Asians who want to study

"sense of belonging to the world."

ROGER SCHREFFLER is the

Tokyo correspondent of Automotive

Industries Magazine of Detroit.

- Mitsui was the first Japanese bank to tailor its international organization to correspond precisely with the realities of today's international markets.
- Mitsui decision-making is done at local level, with ultimate authority placed firmly in regional headquarters.
- Mitsui can therefore assure customers of the fastest reaction to opportunity.
- For the full range of services in international banking, securities business, merchant banking and consulting, contact Mitsui - first and fast.

FINANCE FIRST & FAST

Mitsui is best organized to respond fastest to customer demands in the era of global business and finance.

MITSUI BANK

Europe Division Headquarters: 3 London Wall Buildings, London Wall, London EC2M 5PD, United Kingdom
Tel: (01) 256-9494 Telex: (01) 256-9378
America Division Headquarters: 277 Park Avenue, New York, NY 10172-0121, U.S.A. Tel: (212) 634-3131 Telex: WU 125435, RGA 217962, ITT 420637
Asia and Oceania Division Headquarters: Head Office 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100, Japan Tel: (03) 501-1111 Telex: J2237X, J22559, J22643, J22644

Hunting for the right investments?

Let Wako serve as your guide.

Faced with today's jungle of investment opportunities and risks, you need a skilled guide to lead you to your investment goals. Wako Securities offers you the answers. As specialists in Japanese securities and active participants in the key American and European financial markets, we have both the expertise and experience. Our investment advisory services, backed by the latest computer software and the proven analytical skills of the Wako Research Institute of Economics, will help you define your goals and then custom-design your portfolio to achieve them.

So name your destination - we'll show you the way.

WAKO SECURITIES CO., LTD.

Head Office 1-1 Kojimachi Nihonbashi Chuo-ku, Tokyo 102, Japan Tel: (03) 567-8111 Telex: 124819, 126494, 128841, 129285, Facsimile: 03-569-8749, 03-569-2230
Paris Representative Office: 4 Place de l'Opera, 75002 Paris, France Tel: 4742-7656 Telex: 2810193, Facsimile: 4743-3626
Barbados Representative Office: 100 Broad Street, Bridgetown, Barbados Tel: 271-571 Telex: 4909710, Facsimile: 271-5955
Wako International Europe Limited, 4th Floor, 100 Newgate Street, London EC1A 7AA, United Kingdom Tel: 01-222-3312 Telex: 842256, Facsimile: 01-222-3312
Wako (Switzerland) Finance S.A.: 4th Avenue Cologny 12-13, 1213 Cologny, Switzerland Tel: 022-33-61-501 Telex: 42256, Facsimile: 022-34-64-12
Zurich Branch: Kappelerstrasse 10, 8001 Zurich, Switzerland Tel: 01-211-2011 Telex: 414-5220, Facsimile: 01-211-2011

With Pro
More Jap
Travel Al

By Anne G. Pepper

OKYO — In the autumn of 1987, as Japan's trade of surplus with the rest of the world boomed near \$100 billion, the Japanese government announced a plan aimed at sharply curtailing the fiscal deficit of \$5.5 billion to 10 billion by the end of 1991.

The Ten Million Project, as it is called by the Ministry of Finance, was intended not only to reduce some of the trade surplus but also to encourage

Japanese companies to move abroad, take more responsibility, and be more competitive.

By the end of 1991, the pace of internationalization would be

accelerated, taken by the government to promote the Ten Million Project, including assistance to developing nations for

international development, cooperation with foreign governments, unable to maintain tourist promotion of Japan, allowing more char

teristic rights to take off overseas

travellers from regional airports, fostering school trips and tourism-related businesses in

Japan.

OKYO — At an urban deve

here three foreign experts a

to give the meeting an inter

speeches were applauded to

in during the coffee break a specia

the Japanese could

the assessment of an uncomfortable

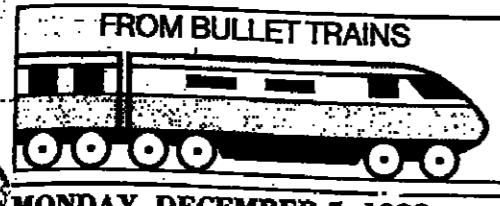
the Japanese companies on "inter

not only so far. To the oblige cit

for trips abroad and buying

using studying English conversa

</div



MONDAY, DECEMBER 5, 1988

EUROBONDS

Issuers Paying Investors To Accept Callable Bonds

By CARL GEWIRTZ
International Herald Tribune

PARIS — Over the years, Eurobond investors have overlooked such technical matters as whether issuers can adequately reward bondholders for accepting callable bonds. It is not surprising then, as interest rates fell and borrowers replaced high-coupon bonds with lower-cost debt at an annual rate of 41 billion over the past three years, that investors have become very selective and unwilling to buy callable bonds.

But an effort is currently underway to overcome that resistance by paying bondholders to accept such paper.

The Bank of Tokyo and Lavoro Bank Overseas last week tapped the Eurodollar sector of the market using a formula to sweeten callable bonds that was successfully introduced a week earlier by Skandinaviska Enskilda Banken. While the structures of the issues were identical — stated maturities of seven years but callable on any coupon payment date starting at the end of the fourth year — last week's models offered investors less of a reward than Enskilda did. That raised the question of whether issuers really are willing to pay for the privilege to call their bonds.

The issuers can afford to pay investors more thanks to the additional income generated by selling the right to call the bonds. This income can be pocketed by the borrower — effectively lowering its cost of raising funds — or shared with the purchasers of the bond by paying them a higher return than normally would be available.

The sale of the call option is made possible because the bond issuers want to swap their fixed-rate funds into floating-rate money. Most of the time — although not necessarily always — it is the swap counterparty that is willing to pay for the right to cancel the swap before the final maturity date.

There would be a great interest to exercise that option if interest rates fall and it becomes possible to borrow at much lower terms than the swap counterparty had originally agreed to pay.

Bankers value the option to call the bonds and undo the swap at 20 basis points, or 0.2 percentage point, a year. This obviously is considered a reasonable price to pay for such insurance against a sharp drop in interest rates.

NEXT COMES THE QUESTION how much of this income is pocketed by the issuer of the bond and how much extra is paid to investors to overcome their reluctance to purchase bonds that can be called.

Enskilda passed the bulk to investors. Normally, according to lead manager Bankers Trust, triple-A-rated Enskilda would be expected to pay about 55 basis points over the yield on U.S. Treasury paper to issue seven-year bonds that are not callable. To entice investors to buy callable bonds, the Swedish bank priced its paper to yield 71 basis points over the benchmark rate — passing to investors 16 of the 20 basis points earned from the sale of the call option.

The hefty spread and a premium offering price over par also made it possible to set the annual coupon payment at 10 percent.

Spreads over Treasury rates, bankers report, are the fixation of European investors who measure their performance in comparison to the Salomon Brothers World Bond Index. Japanese investors, rather indifferent to the spread, are transfixied by double-digit coupons, since maximizing current income is their goal.

Thus, the Enskilda issue showed that the preferences of both groups of investors could be satisfied.

Last week's issues from double-A rated Bank of Tokyo and triple-A Lavoro Bank Overseas were less generous to investors.

Terms on Lavoro's \$10 million issue launched Monday, were agreed with Shearson Lehman Brothers the previous Friday, setting the spread at 73 basis points over the Treasury benchmark.

But by Monday's official launch, the bond market was roiled by the hike in the prime rate of U.S. banks and Lavoro's terms represented a spread of only 65 basis points over the Treasury yield — a scant seven basis points more than it would be expected to pay on a non-callable bond.

The subsequent recovery in the Treasury bond market, following a Federal Reserve report indicating that the U.S. economy was slowing, put the spread at 76 basis points over the seven-year yield level. By Friday, however, with bond prices again tumbling on fears of an imminent increase in U.S. interest rates following news of a big increase in November employment levels, the spread was again falling.

While the vagaries of the market distorted the spread on Lavoro's issue, it would appear that even at the outset Lavoro was

See EUROBONDS, Page 15

Currency Rates

Cross Rates		Dec. 2	
Amsterdam	5	6	D.44.
Brussels	1,0785	1,1277	F.F.
Frankfurt	1,7234	2,009	H.L.
London	1,8588	2,0128	I.L.
New York	1,8787	2,0710	S.F.
Paris	1,8645	2,0722	Yen
Tokyo	1,8595	2,0712	Yen
Zurich	1,45	2,0728	Z.
ECU	1,8588	2,0728	Z.
Swiss franc	1,2391	1,2518	Z.
Chinese yuan	2,7221	2,7221	Z.
Danish krona	6,695	7,0077	Z.
Egypt, pound	2,332	2,3765	Z.
New York rates unless marked * (local rate)			
Other Dollar Valuables			
Carries	* 5	Per \$	Currency
Argent. austral	12.91	Per \$	Per \$
Austral. \$	1.15	Per \$	Per \$
Austri. sch	37.28	Per \$	Per \$
Bahrain, din.	14.57	Per \$	Per \$
India, rupee	17.00	Per \$	Per \$
Irish. c.	0.6427	Per \$	Per \$
Irish sh.	1.1865	Per \$	Per \$
Chinese yuan	2,7221	2,7221	Per \$
Danish krona	6,695	7,0077	Per \$
Egypt, pound	2,332	2,3765	Per \$
New York rates unless marked * (local rate)			
Forward Rates			
Currency	30-day	60-day	90-day
Pound Sterling	1,8590	1,8529	1,8476
Japanese yen	144.00	144.00	144.00
Deutsche mark	1,7125	1,7084	1,7022
Swiss franc	1,2391	1,2391	1,2391
Chinese yuan	2,7221	2,7221	2,7221
Danish krona	6,695	7,0077	7,0077
Egypt, pound	2,332	2,3765	2,3765
New York rates unless marked * (local rate)			

Last Week's Markets

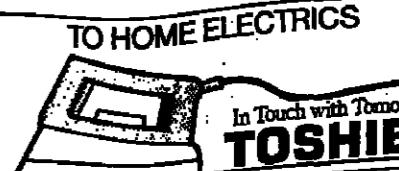
All figures are as of close of trading Friday

Stock Indexes		Money Rates	
United States	Dec. 2	Nov. 25	Chg.
DJ Indust.	2,074,68	2,074,68	+ 0.8%
DJ U.Ind.	182,74	182,74	+ 0.75%
DJ Trans.	93,48	90,72	+ 2.9%
S & P 100	257,87	253,68	+ 1.65%
S & P 500	271,81	267,23	+ 1.71%
S & P Ind.	312,16	307,64	+ 1.29%
NYSE Co.	151,02	150,63	+ 1.5%
Brasil			
FTSE 100	1,745,00	1,744,78	- 1.45%
FT 30	1,407,70	1,402,60	- 1.57%
London	2,625,25	2,624,65	+ 0.43%
West Germany	1,597,30	1,588,45	- 0.57%
Hong Kong	2,647,24	2,645,08	+ 0.43%
World	495,80	491,70	- 0.06%
World Index	From Morgan Stanley Capital Int'l.		

EUROBONDS

Herald Tribune

INTERNATIONAL BUSINESS/FINANCE



Page 13

After 6 Years of Growth, a U.S. Recession Could Really Hurt

By Peter Passell

New York Times Service

NEW YORK — After six years of prosperity, the U.S. economy heading for a fall?

"Recessions don't just happen," scoffs Beryl W. Sprinkel, chairman of President Reagan's Council of Economic Advisors, and most of his peers would probably agree.

External shocks — or rather, shifts in government policy in response to traumatic economic events — set off modern recessions.

What are the chances, then, that Washington will be caught in an economic downturn of its own making? They are less than conventional wisdom or the frequency of recessions in recent decades might suggest, argues Robert Litan, a Brookings

Institution economist and co-author of a new book, "American Living Standards."

If the recession does come, though, it could be a killer.

Look closely at the eight economic contractions since World War II, and it is fairly easy to identify the way government tipped the balance, cutting spending or tightening credit — or both — in response to external events. Why is President-elect George Bush likely to do any better than his predecessors at maintaining the equilibrium?

There is less chance he will be tested, Mr. Litan argues. The precipitating factor in the last two major recessions was a run-up in oil prices.

Today, with unused world production capacity is triple the level of 1980 and ministers of the Organization of Petroleum

Exporting Countries are barely able to conduct a civilized conspiracy.

Poor harvests raised food prices by 13 percent more than the general price level in 1973-74, fueling the inflation that led to the 1974-75 recession. But grain inventories are much larger today, and the world is far less dependent on exports from a single continent.

The economy also seems well buffered against a domestic financial shock.

Mr. Litan's one big worry is a "dollar strike," in which investors rush into other currencies and interest rates on dollar-denominated securities soar.

The industrialized countries have avoided such a panic, choreographing a 40 percent slide in the dollar from the spring of 1985 to the summer of 1988.

But foreign central banks have from time to time been forced to buy staggering amounts of foreign exchange — \$148 billion in 1987 alone. And the slosh of liquid dollar assets is so large today that no bank intervention could protect against a run-up in U.S. interest rates.

The severity of the resulting recession would depend on the size of the shock. A rise of one or two percentage points in inflation in 1990, Mr. Litan estimates, might precipitate a mild downturn for three quarters and reduce the gross national product by about \$100 billion.

A 1982-style recession caused by a spike of four percentage points might last five quarters and cost \$1.2 trillion.

But it would be a mistake, Mr. Litan argues, to assume that the next recession

would be no more severe than the previous ones. The portion of corporate income devoted to interest payments has doubled since the mid-1950s, he notes.

The far more serious threat suggested by Mr. Litan is policy paralysis induced by the Federal budget deficit.

Were the American economy to enter a 1982-style recession tomorrow, Mr. Litan estimates, the deficit would automatically balloon to about \$250 billion.

Recession-fighting would have to be left to the Federal Reserve. The loss of the fiscal option might merely prolong the downturn by a few months.

But it is possible that the economy would become bogged down for years, as the Fed walked the line between the need to lower interest rates and the worry that a rate cut would destabilize the dollar.

BAe, Thomson Considering Joint Venture

Compiled by Our Staff From Dispatches

LONDON — British Aerospace PLC is examining a multi-billion pound alliance with Thomson's group of French aircraft that would create Europe's largest defense contractor, BAe said Sunday.

A BAe spokesman confirmed the companies had contacts, but he did not provide details.

BAe's chief executive, Sir Raymond, began discussions earlier this year with Thomson's chairman, Alain Gomez, over the possible merger of their military interests, The Observer newspaper of Britain reported.

The first stage in the plan would be to form a joint marketing company linking British Aerospace Dynamics, which manufactures missiles and defense electronics, with Thomson's defense interests.

Last week, Thomson announced that it was holding negotiations with Aerospatiale, the French aerospace group, on setting up a joint venture that would be the largest group outside of North America to specialize in civilian and military aviation electronics.

The companies, both of which are state-owned, said the aviation electronics division of BAe and three units of Aerospatiale would be involved in the venture.

The combined unit was projected to have annual sales of 3.7 billion French francs (\$625 million).

The prospective size of the company was not immediately known.

While initial negotiations between the two companies were completed in March and a full report presented to BAe chairman Roland Smith, a formal announcement of the merger was delayed by the British company's \$150 million (\$279 million) takeover of Rover Group PLC in August.

Jerry K. Pearlman, Zenith chairman and president, said the company's discussions with other parties are continuing.

Mr. Lygo and Mr. Gomez have also held preliminary discussions

with Messerschmitt-Bölkow-Blohm GmbH, the West German aircraft maker, the newspaper said. Other French companies which might be asked to join the group were Matra, the electronic combine, and Avions Marcel Dassault Breguet Aviation, a leading military aircraft designer.

An unnamed Italian concern could also be invited to participate, the newspaper said.

(AP, Reuters, IHT)

Firm Ends Bid To Control and Sell Zenith

Compiled by Our Staff From Dispatches

CHICAGO — Brookhurst Partners has agreed to end its attempt to seize control of Zenith Electronics Corp. and put it up for sale.

Brookhurst, which in June said it held 7.1 percent of Zenith's stock, launched a campaign Oct. 6 to solicit other shareholders' consents to replace certain members of the Zenith board and take control.

The New York-based partnership said it had lost confidence in Zenith management and called for the "prompt sale" of the company.

The Brookhurst campaign was to have ended at midnight Dec. 4, but executives of the two companies issued a joint statement late Friday saying it was being withdrawn.

Jerry K. Pearlman, Zenith chairman and president, said the company's discussions with other parties are continuing.

(UPI, Reuters)

MILKEN: Dream of Creating Market to Raise Funds For New Companies Turns into Legal Nightmare for King of Junk Bonds

(Continued from first finance page)
churches, concert and sports events, but a Pentagon spokesman said home visits would "guarantee their safety," replied Ed Fitt, a University of Utah law professor. "How is it any less difficult to ensure security in a public building that has many offices and entrances than it is for a private home?"

The Milken have two sons, 12 and 15, and a 7-year-old daughter.

Another image of Mr. Milken is portrayed in a 184-page civil complaint filed in September by the SEC. It is a portrait of a man who allegedly traded on inside information, manipulated stock prices and violated numerous other securities laws, primarily through an illegal stock trading arrangement with Ivan F. Boesky, the now-imprisoned speculator.

The SEC charged that Mr. Milken was involved in certain illegal arrangements that facilitated huge corporate takeovers. Over time, big

takeovers have generated fat merger advisory fees for Drexel and even larger financing fees when the firm handled the sale of high-yield junk bonds. Drexel and Milken have denied the SEC charges.

Since the day he joined Drexel in

'Living in the past when you've lived your whole life in the future is depressing.'

Michael R. Milken

the late 1960s, he said, he has never expected more of others than he expected of himself.

"Maybe we set our objectives too low, in school, in our daily lives," Mr. Milken said.

Mr. Milken's vision has been to provide capital to small and medi-

um-sized companies by selling what came to be known as junk bonds, and his hard work turned the idea into a market that today exceeds \$150 billion.

Drexel's bond department specialized in high-grade issues, but Mr. Milken headed into convertible bonds — bonds that can be converted into common stock under certain conditions — and other less-glamorous financial instruments, including the bonds of troubled companies.

He began to make millions of dollars a year for Drexel by buying and selling these bonds. Because most analysts were focused on high-grade bonds, this area had less competition and therefore provided greater profit potential.

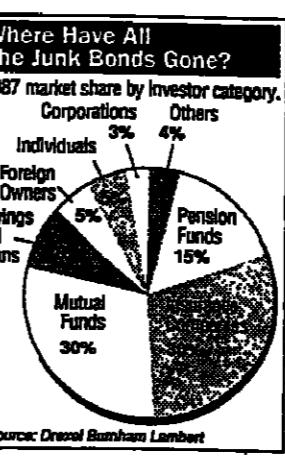
His analytical skills enabled him to detect troubled companies so that he could identify which would fail. His persuasive yet deferential personality helped him to sell the bonds of the more promising companies to aggressive investors trying to capture higher returns than

those available on high-grade issues.

The basic theory of junk bond investing has been that by buying a diversified portfolio of them, investors can earn a higher rate of return than on more conservative securities. Even if some of the companies whose bonds investors held went broke, the higher yields on the rest of the bonds would more than compensate.

The universe of junk bonds was once more limited, consisting in part of bonds of high-grade companies that had come upon hard times, so-called "fallen angels." Had Mr. Milken been content to make millions of dollars trading these, he might have been just another rich bond trader on Wall Street.

Instead, aware of a tremendous investor demand for higher yields, he



panies. These companies obtained needed capital by issuing new junk bonds with Drexel handling the underwriting.

For the issuing companies, the advantages were numerous. In some cases, raising money by selling long-term, fixed-rate junk bonds gave companies access to capital they could not have obtained elsewhere.

Even for those companies that could obtain money from banks, the advantage in junk bonds often was enormous: rather than obtaining floating rate loans from banks that could be called in on short notice, the companies could borrow funds on a long-term, fixed-rate basis in the junk bond market.

In 1978, not long after he and Drexel began helping corporate clients sell new junk bonds, Mr. Milken, then 32, moved his operation

and about 30 employees to Los Angeles, where he opened a new Drexel office.

Once in California, Mr. Milken and his colleagues began working early to get to the office by 4:30 a.m. Mr. Milken said it was possible to work 14-hour days in Los Angeles and still get home in time to have dinner and spend time with the family. Some associates say another motivation was to gain independence from headquarters in New York.

Had Mr. Milken and Drexel been content to finance companies in need of capital, junk bonds would not have become controversial. But starting in 1984, they turned to their base of wealthy investors to finance a series of hostile takeover bids for major corporations.

Chicago Exchange Options

Figures as of close of trading Friday.

Dec. 2

Option & price	Calls	Puts									
Dec 100 Jan 100	75	75	Dec 100 Jan 100	75	75	Dec 100 Jan 100	75	75	Dec 100 Jan 100	75	75
105 100 105 100	75	75	105 100 105 100	75	75	105 100 105 100	75	75	105 100 105 100	75	75
110 105 110 105	75	75	110 105 110 105	75	75	110 105 110 105	75	75	110 105 110 105	75	75
115 110 115 110	75	75	115 110 115 110	75	75	115 110 115 110	75	75	115 110 115 110	75	75
120 115 120 115	75	75	120 115 120 115	75	75	120 115 120 115	75	75	120 115 120 115	75	75
125 120 125 120	75	75	125 120 125 120	75	75	125 120 125 120	75	75	125 120 125 120	75	75
130 125 130 125	75	75	130 125 130 125	75	75	130 125 130 125	75	75	130 125 130 125	75	75
135 130 135 130	75	75	135 130 135 130	75	75	135 130 135 130	75	75	135 130 135 130	75	75
140 135 140 135	75	75	140 135 140 135	75	75	140 135 140 135	75	75	140 135 140 135	75	75
145 140 145 140	75	75	145 140 145 140	75	75	145 140 145 140	75	75	145 140 145 140	75	75
150 145 150 145	75	75	150 145 150 145	75	75	150 145 150 145	75	75	150 145 150 145	75	75
155 150 155 150	75	75	155 150 155 150	75	75	155 150 155 150	75	75	155 150 155 150	75	75
160 155 160 155	75	75	160 155 160 155	75	75	160 155 160 155	75	75	160 155 160 155	75	75
165 160 165 160	75	75	165 160 165 160	75	75	165 160 165 160	75	75	165 160 165 160	75	75
170 165 170 165	75	75	170 165 170 165	75	75	170 165 170 165	75	75	170 165 170 165	75	75
175 170 175 170	75	75	175 170 175 170	75	75	175 170 175 170	75	75	175 170 175 170	75	75
180 175 180 175	75	75	180 175 180 175	75	75	180 175 180 175	75	75	180 175 180 175	75	75
185 180 185 180	75	75	185 180 185 180	75	75	185 180 185 180	75	75	185 180 185 180	75	75
190 185 190 185	75	75	190 185 190 185	75	75	190 185 190 185	75	75	190 185 190 185	75	75
195 190 195 190	75	75	195 190 195 190	75	75	195 190 195 190	75	75	195 190 195 190	75	75
200 195 200 195	75	75	200 195 200 195	75	75	200 195 200 195	75	75	200 195 200 195	75	75
205 190 205 190	75	75	205 190 205 190	75	75	205 190 205 190	75	75	205 190 205 190	75	75
210 185 210 185	75	75	210 185 210 185	75	75	210 185 210 185	75	75	210 185 210 185	75	75
215 180 215 180	75	75	215 180 215 180	75	75	215 180 215 180	75	75	215 180 215 180	75	75
220 175 220 175	75	75	220 175 220 175	75	75	220 175 220 175	75	75	220 175 220 175	75	75
225 170 225 170	75	75	225 170 225 170	75	75	225 170 225 170	75	75	225 170 225 170	75	75
230 165 230 165	75	75	230 165 230 165	75	75	230 165 230 165	75	75	230 165 230 165	75	75
235 160 235 160	75	75	235 160 235 160	75	75	235 160 235 160	75	75	235 160 235 160	75	75
240 155 240 155	75	75	240 155 240 155	75	75	240 155 240 155	75	75	240 155 240 155	75	75
245 150 245 150	75	75	245 150 245 150	75	75	245 150 245 150	75	75	245 150 245 150	75	75
250 145 250 145	75	75	250 145 250 145	75	75	250 145 250 145	75	75	250 145 250 145	75	75
255 140 255 140	75	75	255 140 255 140	75	75	255 140 255 140	75	75	255 140 255 140	75	75
260 135 260 135	75	75	260 135 260 135	75	75	260 135 260 135	75	75	260 135 260 135	75	75
265 130 265 130	75	75	265 130 265 130	75	75	265 130 265 130	75	75	265 130 265 130	75	75
270 125 270 125	75	75	270 125 270 125	75	75	270 125 270 125	75	75	270 125 270 125	75	75
275 120 275 120	75	75	275 120 275 120	75	75	275 120 275 120	75	75	275 120 275 120	75	75
280 115 280 115	75	75	280 115 280 115	75	75	280 115 280 115	75	75	280 115 280 115	75	75
285 110 285 110	75	75	285 110 285 1								

MONDAY SPORTS

SIDELINES

World's Strongest Woman? Chinese

JAKARTA (Reuters) — China's Han Chang Mei laid claim to the title of world's strongest woman at the women's world weightlifting championships on Sunday. Han beat Karen Marshall, her American rival in the over 82.5 kilogram (183 pounds) category, with a record-breaking lift of 123.5 kilograms (273 pounds) in the clean and jerk — the heaviest weight any woman has lifted.

Marshall, who held the old record of 125 kilograms, lifted 127.5 kilograms on Sunday but had to settle for the silver medal. A total of 18 world records were set at the championships.

Finnish Ski Jumper Gains in Canada

THUNDER BAY, Ontario (AP) — Risto Laakonen of Finland added the 120-meter hill gold medal Sunday to the silver he won in the 89-meter competition here on Saturday to gain the biggest medal haul in the first World Cup competition of the season.

Erik Johnson, who earned a spot on the Norwegian Olympic team a year ago, came in second Sunday on jumps of 123.5 and 122 meters.

Third place went to Saturday's gold medalist, Dieter Thoma of West Germany. Thoma had two jumps of 122 meters.

Dieter Thoma



Indiana Wins College Soccer Title

BLOOMINGTON, Indiana (AP) — Sean Sharpen's penalty-kick goal with 10:06 to play in the first half gave Indiana a 1-0 victory over Howard University on Sunday in the championship match in Division I of the National Collegiate Athletic Association.

Sharpen's ninth goal of the season gave the No. 9-ranked Hoosiers their third national title. Their first two were in 1982 and 1983. In the semifinals on Saturday, Howard defeated South Carolina and Indiana beat Portland.

Tennis Pros Reject Council Offer

NEW YORK (AP) — The Association of Tennis Professionals rejected a last-minute proposal by the sport's ruling body Friday and announced detailed plans for a new player-run men's tour beginning in 1990.

The format for the new tour is similar to one outlined Thursday by the Men's Tennis Council, which has run the Grand Prix circuit since 1974. But the ATP said the council waited too long to come up with its compromise plan.

"If they had put their document on the table at the U.S. Open, we probably wouldn't be standing here today," said Hamilton Jordan, the ATP's chief executive officer.

If the ATP and the Men's Council both proceed with their current plans, there will be two competing tours in 1990.

For the Record

In Fukuoka, Japan, Toshihiro Shibata of Japan on Sunday overtook the marathon world-record holder, Belenayeh Dejusmo of Ethiopia, in the last 100 meters (330 feet) to win the 23rd Fukuoka International Marathon.

(AP)

Iraq, banned from hosting international soccer matches during the Gulf War, will guarantee the safety of athletes playing within its borders and thus can return to hosting matches, a senior Iraqi official has said. (AP)

Quotable

• Kareem Abdul-Jabbar of the Los Angeles Lakers, who is retiring from basketball this season: "I've had enough competition for a couple of lifetimes."

ACROSS

1 Rogues' gallery photo	2	3	4	6	7	8	9	10	11	12	13	14	15	
4 Handel contemporary														
5 A Goat														
12 Henry VIII's sixth wife														
13 Skin-cream ingredient														
14 Fabulist of note														
16 Goya's duchess's duchy														
17 Golfer's warning														
18 Bleak														
19 Getz or Laurel														
20 Overstrophic one														
22 Summer shoe														
24 Pitcher Maggie														
25 Raced														
27 Alloy containing tin														
32 Didot strike														
33 Charity														
35 Role for Shirley														
36 Callies was one 40 Late's big brother														
41 Grey problem														
42 Revival-meeting shout														
43 Opposite of giddyup														
44 Sound heard by a shepherd														
45 Light														
47 Martin or Astor														
48 Fuzzy TV star														
51 Hindu religious writing														
55 Comfort for a nyctophrope														
57 Aystolah's land														
58 Circa														
59 Jolty														
61 Give temporarily														
62 Uncle Milte														
63 Attila's followers														
67 The — is a Tramp														
68 Equipment														
69 Quiz														
70 What OB's want to gain														
DOWN	1	Melts, today	2	sprawl	3	Seating area at Aqueoud	4	Bewilder	5	Matty or Felipe of baseball	6	Dressing-gown adjuct	7	Gives careful attention to
8	Isolde's	9	perch	10	attention to	11	Equestrian's perch	12	Ecuador neighbor	13	REALM	14	DIP	
14	Isolde's	15	ANGE ABE	16	ASPIRIC ELLA AGER	17	STEPHEN KING KONG	18	HEX EATS CHORDS	19	HEX EATS CHORDS	20	PHAT	
15	Isolde's	16	ANGE ABE	17	ASPIRIC ELLA AGER	18	STEPHEN KING KONG	19	HEX EATS CHORDS	20	PHAT	21	ELLE PYQUEEN ANNE	
16	Isolde's	17	ANGE ABE	18	ASPIRIC ELLA AGER	19	STEPHEN KING KONG	20	HEX EATS CHORDS	21	ELLE PYQUEEN ANNE	22	READY ULTRA EUA	
17	Isolde's	18	ANGE ABE	19	ASPIRIC ELLA AGER	20	STEPHEN KING KONG	21	HEX EATS CHORDS	22	READY ULTRA EUA	23	ILYA LIKES TABS	
18	Isolde's	19	ANGE ABE	20	ASPIRIC ELLA AGER	21	STEPHEN KING KONG	22	HEX EATS CHORDS	23	ILYA LIKES TABS	24	CIE SALAR ARTIE	
19	Isolde's	20	ANGE ABE	21	ASPIRIC ELLA AGER	22	STEPHEN KING KONG	23	HEX EATS CHORDS	24	ILYA LIKES TABS	25	HAROLD LOPHINCE HAL	
20	Isolde's	21	ANGE ABE	22	ASPIRIC ELLA AGER	23	STEPHEN KING KONG	24	HEX EATS CHORDS	25	ILYA LIKES TABS	26	BEISIE AGE	
21	Isolde's	22	ANGE ABE	23	ASPIRIC ELLA AGER	24	STEPHEN KING KONG	25	HEX EATS CHORDS	26	ILYA LIKES TABS	27	ISOLDE ANGE ABE	
22	Isolde's	23	ANGE ABE	24	ASPIRIC ELLA AGER	25	STEPHEN KING KONG	26	HEX EATS CHORDS	27	ILYA LIKES TABS	28	DORIS DOKUESNIDER	
23	Isolde's	24	ANGE ABE	25	ASPIRIC ELLA AGER	26	STEPHEN KING KONG	27	HEX EATS CHORDS	28	ILYA LIKES TABS	29	ALOG EMIR TSARS	
24	Isolde's	25	ANGE ABE	26	ASPIRIC ELLA AGER	27	STEPHEN KING KONG	28	HEX EATS CHORDS	29	ILYA LIKES TABS	30	EYE HEMO STYNE	

© New York Times, edited by Eugene Matassa.

PEANUTS



BLONDIE



Solution to Friday's Puzzle

REALM	LEAR	DIP
ASPIRIC	ELLA	AGER
ELLIE	QUEEN	ANNE
READY	ULTRA	EUA
ILYA	LIKES	TABS
CIE	SALAR	ARTIE
HAROLD	LOPHINCE	HAL
BEISIE	AGE	
ISOLDE	ANGE	ABE
DORIS	DOKUESNIDER	
ALOG	EMIR	TSARS
EYE	HEMO	STYNE

DOONESBURY
MICHAEL HOW COULD YOU DO THIS TO ME?
THE PLACE WHERE I WAS BORN IS A BABY HOME
ARE YOU KIDDING? THERE'S NO HOME FOR ME ON EARTH FOR GOD'S SAKE!
WHAT MONTY?
THAT'S A WOMAN CREATURES IN OUR BED.
THIS ISN'T FAIR, JILL. YOU GOTTA GIVE ME A LITTLE TIME.
12-5

Lendl Beats Edberg, Becker Stops Hlasek to Gain Masters Final*

Compiled by Our Staff From Dispatches

NEW YORK — Ivan Lendl, playing his best tennis in three months, reached the final of the Nabisco Masters on Sunday for the ninth consecutive year, beating Sweden's Stefan Edberg 6-3, 7-6 (7-4).

In the other semifinal, Boris Becker of West Germany became the first to beat Jacob Hlasek of Switzerland in this tournament, with a

POSTCARD

Wine and Architecture

By Frank J. Prial
New York Times Service

PARIS — Some years ago I tagged along with a group of Americans who were touring the Bordeaux wine country. Doctors, lawyers and their spouses, they were members of a suburban wine club. The French took them from one château to another to see fermenting tanks, aging barrels, wine stocks and bottling lines.

But many of the visitors were enraged. "I came to see châteaux," was their common lament, "not to stand around in freezing cellars."

Their idea of a château was a princely mansion filled with antique furniture. There are châteaux like that in Bordeaux — quite a few — but there are hundreds of others that are little more than farmhouses where wine is made.

A remarkable architectural exhibition called "Châteaux Bordeaux," that opened recently at the Pompidou Center is attempting to define the aesthetic, commercial and historic roles of the Bordeaux wine châteaux and to provide guidelines for the future development of what is a unique architectural phenomenon.

Oddly enough, the inspiration for the exhibition was California winery architecture, particularly the project for Clos Pegase, a two-year-old Napa Valley winery. A competition was held to select an architect. An American, Michael Graves, won and the unusual winery design soon attracted worldwide attention.

The competition showed Jean Dethier, the Pompidou Center's director of architectural projects, that a museum can play a central role in shaping the aesthetic of a commercial operation. He enlisted Michel Guillart, a photographer and co-editor of L'Amateur de Bordeaux, an elegant limited circulation magazine devoted to the wine scene.

Dethier quickly learned that many of the great Bordeaux châteaux were in danger. Magnificent 18th-century houses had been abandoned, engulfed by urban sprawl or defined with concrete additions built by profit-oriented new — and often absentee — owners.

"The Bordeaux region," he writes in the show's catalogue, "has created a veritable 'civilization of wine' which is manifested by a relation, both traditional and privileged, between the quality of its wines and richness of its architecture. Bordeaux, over the centuries, invented

the notion of the wine château, representing as it does, not only the place where wine is made and aged, but also the prestigious symbol of the wines of the entire region."

To explore the Bordeaux tradition, Dethier has assembled what must be one of the finest wine museums anywhere. A number of new paintings were commissioned. A section on Bordeaux today highlights the problems facing château owners who seek to preserve the architectural traditions of the region in the face of implacable commercial and residential expansion. It offers, too, plans and models of several projects currently under way or about to begin, notably the refurbishing of Château Pichon-Longueville-Baron, and the new barrel cellars at Château Lafite-Rothschild, designed by the Spanish architect Ricardo Bofill.

The final section of "Château Bordeaux" is given over to plans and models for hypothetical projects — "imaginary châteaux" — and to a proposal for the redevelopment of the riverfront in the city of Bordeaux, the famed Quai des Chartrons and Quai de Bacalan, now largely abandoned, from which Bordeaux wines once were shipped all over the world.

THROUGHOUT the exhibition, the presence, influence and wine philosophy of California is never far from the surface.

For three centuries, the Bordeaux wine community was a closed world. The great châteaux were private places. Favoured importers from abroad were entertained but rarely anyone else. The few owners like Alexis Lichine, who opened his doors at Château Lascombes and later at Prieuré-Lichine to all comers, were considered vulgar and opportunistic.

A new generation of Bordeaux wines is beginning to change all that. They have traveled more and seen much and they want to open Bordeaux to the world. Lafite-Rothschild is not about to set out picnic tables, nor will Haut-Brion soon welcome bus tours. But there is a new spirit abroad in Bordeaux and this show has caught its essence.

The exhibition runs through Feb. 20 then goes to Bourges for VINEXPO, a major wine industry fair. Later it will tour Europe, North America and the Far East.

A Guccione With His Own Spin

By Mike Zwerin
International Herald Tribune

PARIS — This month marks the first anniversary of the second coming of Spin — or March will be its third birthday if you date it from the first coming. Reading this music-based, youth-oriented monthly magazine, people over 30 may recall that Peter Lorre once said "time is a crook" and that Sophie Tucker, when asked if she had anything to say to youth, responded: "Grow up."

Spin's current issue tells us all about the "Post-Madonna Syndrome." Music from the early '80s is called "classic" or treated as nostalgia. Coltrane and Stravinsky never existed. Some "seminal" post-punk or Rio hip-hop band has released 13 albums in five years. But the editor and publisher, Bob Guccione Jr., says: "Music is also social commentary. We're 'just' a music magazine in the same sense that pop music is 'just' music." Speaking of social commentary, the majority of advertisers in this monthly aimed at the 18-to-28-year age group are tobacco companies and alcoholic beverage manufacturers.

The attractively disorganized and vulnerable Guccione was in Paris to "disconnect" for a while. Keeping up these days is double-time work. He seems at once younger (never heard of musicians he should know about) and more mature (interested to learn about them) than his age (33). He grew to love the excitement of journalism around Penthouse more than he did all the passing young women, who had become "par for the course."

Protective, and somewhat defensive, he says: "My father was breaking a lot of good stories in the '70s." Working his way up in the family business through advertising, promotion and circulation, he thought there was nothing worse than such boredom until he took time to write a novel (unpublished) and realized that writing is "a horrible sickness, like malaria. It never really goes away, you just have to treat it."

The treatment came to him in a flash. Eureka! A youth magazine that would combine good writing and good music. The post of editor and publisher, between cure and disease, would suit him perfectly. There were no market surveys, no number zeroes. He speaks his last \$35,000 to put the first issue on the stands in March 1985, before realizing he was operating with out-of-date information. The market had turned MTV and fears of recession were putting music magazines out of business. He compares the experience to "starting up a car in third gear. If by frenzied pedaling you've managed to get some gas to the engine, it still doesn't make it a good idea. It's just something you got away with." So never mind if his considerable energy sometimes results in spinning wheels. It's the method he gets away with.

"I've never read a single market survey we've done. I don't want to know what 12 percent of the girls between the ages of such-and-such want to read about. I think there should be a separation between marketing and editorial. I may be naive, but I believe a magazine should be put together from the heart, not market research: This magazine is aimed at an imaginary young person — me 10 years ago. He's hard to pin down, like I was — curious



John Brunow

Spin aims "at an imaginary young person — me 10 years ago."

but lazy, indifferent politically but you could wake him up if you push the right button, socially ignorant with good instincts."

Penthouse originally bankrolled Spin and many people thought it was all over after a decision to end the arrangement in the fall of 1987. Guccione says the decision was mutual and without animosity: "I anything it saved my relationship with my father. I wouldn't want to work with my son when I have one." Although he says he does not feel competitive with his father, he has, after refinancing, been working very hard to prove something to somebody. Circulation is at 140,000, the break-even point, and rising. Advertising rates are going up in January.

Although Guccione calls assigning Norman Mailer to cover the Mike Tyson-Michael Spinks fight "a signal to the advertising industry that we're serious," it also reflects the general current vogue of pushing previously pushed buttons. Let us forget, Mailer covered the 1974 Muhammad Ali-George Foreman fight in Kinshasa for Playboy. It is no coincidence that the new

Mailer prizefight article, which reads like the old one, was published about the same time as the release of the new Crosby, Stills, Nash and Young album, which sounds like their old ones.

We are living in the age of reruns. Spin's December cover features a portrait of a popular female rock band which recently released a self-titled album called "The Bangles" with a look-alike "The Beatles" jacket design. ("The cover sells the magazine, not good writing," admits Guccione.) Today's pop music does not deserve to be well-written about. The stories Guccione is proud of deal with subjects other than music.

"We were the first to write about the crack epidemic, in 1985. Some cops I knew in Harlem called me up and said, 'How did you know about that? We just heard about it ourselves.' We are the only national non-gay magazine to have a regular AIDS column. We broke the story about the correlation between syphilis and AIDS. We were the first to write about Jimmy Swaggart stealing money, seven months before his fall."

It is a good idea to return a telephone call from a Spin editor today; he or she may no longer be working there next week. Guccione is "willing to take part of the blame for the high turnover. But it is also to be expected by definition. A youth-oriented magazine must be constructed primarily by young people, who are usually in the process of some sort of change. Their passions keep changing, or they get out of hand and have to drag them back. Like I'd love a piece about '80s music but probably without in-tending to honor it."

"Another problem is that a lot of people burn out on rock 'n' roll. One of two things happens. Either they become lost in it and drown, become one of those perennial music criticism hacks. Or else they hit the wall and say, 'Enough, I never want to write about rock 'n' roll again.' We had one editor, she was 19, who just disappeared. A few days later, she called from California and said she didn't want to write any more and could we send out her records. We didn't even know she'd quit. We sent her records."

LANGUAGE

Gifts of Gab for 1989

By William Safire

WASHINGTON — An Italian, when bidding farewell formally, says *arrivederci* (literally, "to see each other again"). When more relaxed, the person waving good-bye says *ciao*.

Ciao is a dialectical alteration of *schiao*, meaning "slave"; the original phrase that was used in English is "by-bye, bambino" was *sono tuo schiavo*, "I am your slave."

This is the sort of delicious information you cannot find in most dictionaries. It comes popping out at you, roots and all, from the Barnhart Dictionary of Etymology, published by H.W. Wilson, \$59. Robert K. Barnhart, editor; Sol Steinmetz, managing editor.

The above is a *puff* — a plug, boast, plaudit, rave, or other form of acclaim — set forth to encourage a purchase. (First use in 1602: "Blowne up with the flattering puffs / Of spungy sycophants.")

There's been only one major new general college-sized dictionary published this year (you can't use the adjective *college* to modify dictionaries, because the word in that sense is trademarked by Merriam-Webster). The new book is Webster's New World Dictionary of American English, Third College Edition; Victoria Neufeldt, editor in chief; list price \$17.95.

Oh, the brave new words that have made it in WNWD: *contrarian*, for those smart apples who were selling before the market crash; *ROM* (read-only memory) for the inalterable Mr. Computer Chips, and *RAM* (random-access memory) for the kind that you can call up directly; *low-ball*, a verb meaning "to give an understated price . . . especially without intending to honor it."

Candy-ass made it, too; the slang term, defined as "a weak, hesitant, or ineffectual person; wimp; sissy," was first printed in *The New York Times* as part of the *Watergate* tapes, when Richard Nixon used it to deride a recalcitrant colleague.

Word lovers enjoy a good quote-book. Here's a ring-a-ding (WNWD): "wildly exciting" entry that belongs between your Bartlett's and your Mencken's: Simpson's Contemporary Quotations, by James B. Simpson, Houghton Mifflin, \$19.95, for "the most notable quotes since 1950."

The anthologist includes Henry Kissinger's "Next week there can't be any crisis. My schedule is al-

ready full." (But leaves out "Peace is at hand.") Bob Considine, who believes in opening mail once a month, whether it needs it or not.

If your gift is a word specialist and you can afford it, try the Loanwords Dictionary, Lawrence Urdang and Frank R. Aban, editors, \$80, a lexicon of foreign phrases used in English that retain their exotic flavor — *romantic* and *anglant franco* and *ad astra* — *aspera*. (Not if it turns out to be *espera ad astra*, "through heralding to the stars." Urdang is becoming America's Samuels Johnson, bring out dictionaries of idioms, mottoes, maxims and sayings, Gale Research, at Book Town, Detroit, Michigan 48226, can send you a list of his books.)

Less expensive? A stocking stuffer that is also a mini-stuffer can be found in these paperbacks:

"There Is No Zoo in Zoos and Other Beastly Misnomers: An Opinionated Guide for the Well-Spoken," by Charles H. Ester, Collier, \$9.95; *STRONG-ER-ER-ER*, not EKS-ER-ER-ER.

"Family Words: The Dictionary for People Who Don't Know a Fronc from a Brimble," by Paul Dickson, Addison-Wesley, \$10. This appears to be just kicking around with malapropisms and goofy coinages, but such terms as *googol*, *humongous* and *herd* stand up to the right to try to be a compromise solution to the big divide between the *big* business and *small* business.

"Idiom's Delight" is an inexpensive little handbook by Suzanne Brock (Times Books, \$13.95) that shows how imagery travels through languages: here it rains water bags in Spain it rains jugs, and in France it's coming down in roses.

Finally, the best compliment you can give to somebody who appears to be somebody who appears to be a traditional on a satirical scale of the broader general culture is to say, "You're a good citizen."

Word games have been regarded as one of the most important issues of the meeting of heads of state and government, and a working group of officials, charged with *reforming* the world trading system, has emerged from malapropisms such as *confusion* and *confusion* to the point of *confusion* and *confusion*.

The language dispute has been regarded as one of the most important issues of the meeting of heads of state and government, and a working group of officials, charged with *reforming* the world trading system, has emerged from malapropisms such as *confusion* and *confusion* to the point of *confusion* and *confusion*.

"Idiom's Delight" is an inexpensive little handbook by Suzanne Brock (Times Books, \$13.95) that shows how imagery travels through languages: here it rains water bags in Spain it rains jugs, and in France it's coming down in roses.

Finally, the best compliment you can give to somebody who appears to be somebody who appears to be a traditional on a satirical scale of the broader general culture is to say, "You're a good citizen."

Word games have been regarded as one of the most important issues of the meeting of heads of state and government, and a working group of officials, charged with *reforming* the world trading system, has emerged from malapropisms such as *confusion* and *confusion* to the point of *confusion* and *confusion*.

The language dispute has been regarded as one of the most important issues of the meeting of heads of state and government, and a working group of officials, charged with *reforming* the world trading system, has emerged from malapropisms such as *confusion* and *confusion* to the point of *confusion* and *confusion*.

"Idiom's Delight" is an inexpensive little handbook by Suzanne Brock (Times Books, \$13.95) that shows how imagery travels through languages: here it rains water bags in Spain it rains jugs, and in France it's coming down in roses.

Finally, the best compliment you can give to somebody who appears to be somebody who appears to be a traditional on a satirical scale of the broader general culture is to say, "You're a good citizen."

Word games have been regarded as one of the most important issues of the meeting of heads of state and government, and a working group of officials, charged with *reforming* the world trading system, has emerged from malapropisms such as *confusion* and *confusion* to the point of *confusion* and *confusion*.

"Idiom's Delight" is an inexpensive little handbook by Suzanne Brock (Times Books, \$13.95) that shows how imagery travels through languages: here it rains water bags in Spain it rains jugs, and in France it's coming down in roses.

Finally, the best compliment you can give to somebody who appears to be somebody who appears to be a traditional on a satirical scale of the broader general culture is to say, "You're a good citizen."

Word games have been regarded as one of the most important issues of the meeting of heads of state and government, and a working group of officials, charged with *reforming* the world trading system, has emerged from malapropisms such as *confusion* and *confusion* to the point of *confusion* and *confusion*.

"Idiom's Delight" is an inexpensive little handbook by Suzanne Brock (Times Books, \$13.95) that shows how imagery travels through languages: here it rains water bags in Spain it rains jugs, and in France it's coming down in roses.

Finally, the best compliment you can give to somebody who appears to be somebody who appears to be a traditional on a satirical scale of the broader general culture is to say, "You're a good citizen."

Word games have been regarded as one of the most important issues of the meeting of heads of state and government, and a working group of officials, charged with *reforming* the world trading system, has emerged from malapropisms such as *confusion* and *confusion* to the point of *confusion* and *confusion*.

"Idiom's Delight" is an inexpensive little handbook by Suzanne Brock (Times Books, \$13.95) that shows how imagery travels through languages: here it rains water bags in Spain it rains jugs, and in France it's coming down in roses.

Finally, the best compliment you can give to somebody who appears to be somebody who appears to be a traditional on a satirical scale of the broader general culture is to say, "You're a good citizen."

Word games have been regarded as one of the most important issues of the meeting of heads of state and government, and a working group of officials, charged with *reforming* the world trading system, has emerged from malapropisms such as *confusion* and *confusion* to the point of *confusion* and *confusion*.

"Idiom's Delight" is an inexpensive little handbook by Suzanne Brock (Times Books, \$13.95) that shows how imagery travels through languages: here it rains water bags in Spain it rains jugs, and in France it's coming down in roses.

Finally, the best compliment you can give to somebody who appears to be somebody who appears to be a traditional on a satirical scale of the broader general culture is to say, "You're a good citizen."

Word games have been regarded as one of the most important issues of the meeting of heads of state and government, and a working group of officials, charged with *reforming* the world trading system, has emerged from malapropisms such as *confusion* and *confusion* to the point of *confusion* and *confusion*.

"Idiom's Delight" is an inexpensive little handbook by Suzanne Brock (Times Books, \$13.95) that shows how imagery travels through languages: here it rains water bags in Spain it rains jugs, and in France it's coming down in roses.

Finally, the best compliment you can give to somebody who appears to be somebody who appears to be a traditional on a satirical scale of the broader general culture is to say, "You're a good citizen."

Word games have been regarded as one of the most important issues of the meeting of heads of state and government, and a working group of officials, charged with *reforming* the world trading system, has emerged from malapropisms such as *confusion* and *confusion* to the point of *confusion* and *confusion*.

"Idiom's Delight" is an inexpensive little handbook by Suzanne Brock (Times Books, \$13.95)